DC Department of Housing and Community Development
Neighborhood Stabilization Program Application

Program Overview

Unlike many cities, the District of Columbia as a whole was spared an early entry into the foreclosure crisis through a strong housing market that allowed struggling households to sell before having to foreclose and kept prices high enough that homeowners could earn enough on the sale to repay the bank. Households were impacted by the economic decline, but they had more options than households in less robust housing and employment markets nationwide. Anchored by the Federal government's relatively stable employment base and the recent change in administration that brought new residents to the region, the District appeared to remain solvent amidst a challenging national picture.

However, this strong economy masked a growing problem in the District. Through 2007 when subprime mortgages began to reset, and low and moderate income families began to be overwhelmed by ballooning payments, they had options to sell in the market when they received the notice of foreclosure. Beginning in late 2007, as the housing market slowed and unemployment rose, many households were no longer able to sell and ran out of options. These communities saw monthly declines in home sales prices, rapid increases in the number of days homes stayed on the market, and a subsequent decline in the absorption rate. As a result, between 2006 and 2008, foreclosures rose by 660.4%, increasing from 149 foreclosures in 2006 to 1,133 in 2008. Meanwhile, foreclosure starts similarly increased dramatically, from 1,186 for all of 2006 to 3,194 in 2008.[1]

Beyond the individual impacts of foreclosures such as individual credit loss and reduction of equity wealth, the District stands to lose the strong gains made during the economic boom of the last ten years. The housing boom of the past ten years had a tremendous impact on urban areas across the country. Like many cities, the District reversed decades of population decline and grew into an increasingly desirable place to live. Neighborhoods that were once abandoned with little or no economic activity became places where people wanted to buy and invest. These gains were reflected in HOPE VI projects such as Henson Ridge and Arthur Capper. Unfortunately, community development takes time, and when the housing boom ended and prices began to fall, many of the District's historically under served communities were still struggling to overcome the long term effects of disinvestment, vacancy and abandonment.

While the wealthier communities with long-standing homeownership markets remained strong (consistent with a strong upper middle class job market), neighborhoods in Wards 4, 5, 7, and 8 began to lose value and new resident flow. These lower income communities have been impacted by job loss and tightening of credit in the mortgage market, leading to instability in certain neighborhoods.

This disparate impact will further aggravate marked inequalities along socio-economic and racial lines. The District is already divided by income and race – with white income at $94,940 and black income at $35,915, while the median rests at $54,317.[2] In addition, the wealthier wards of

[1] Washington, DC Recorder of Deeds. http://www.washington.dc.us.landata.com/%5C# Accessed June 11, 2009.
[2] American Communities Survey, 2007. http://factfinder.census.gov. Accessed June 11, 2009.

the city have experienced smaller losses and even gains in home sales prices as well as far fewer foreclosures than the lower income wards of the city. This broad gap between the stable and unstable communities has diverted attention from the District and moderated the depiction of the impact in the big picture. Conversely, there are many areas where the growth in foreclosures and unemployment has exacerbated existing issues of vacancy, poverty and neighborhood quality.

With an infusion of resources from NSP2, local funding streams, and the private market, the District will arrest the current decline and manage the growth in targeted communities by encouraging a spectrum of housing options for households with a broad range of incomes, including rental and homeownership for families and individuals. Moreover, as a part of plans from the Office of the Deputy Mayor for Planning and Economic Development, the Office of Planning and The DC Housing Authority, this investment can develop strong mixed-use, mixed-income communities with amenities for residents.

To do this, The DC Department of Housing and Community Development (DHCD), in partnership with the National Community Reinvestment Coalition (NCRC), has developed an integrated strategy to address the challenges created by the foreclosure crisis. NSP2 funds will be targeted in three neighborhoods within the District: Deanwood in Ward 7, Anacostia in Ward 8, and Trinidad/Ivy City in Ward 5.

Throughout the planning process the Department will work in these neighborhoods to provide a data driven approach to revitalizing the community, through this application that will reach 784 units and will require a Federal investment of $63.5 million. This broad housing investment program will include the following approaches:

- Single Family Home Development:
    - Acquisition and disposition of 96 vacant and foreclosed homes:
    - Rehabilitation through a turnkey program of 63 Units; and
    - Downpayment assistance for 150 homebuyers.
- Multifamily development and preservation:
    - Expansion of an acquisition fund to acquire 100 units; and
    - Rehabilitation financing for 375 units.

All of the proposed activities in this application are tailored to complement, enhance, and bring to scale, rather than duplicate existing efforts throughout District government. The Department has acquired or disposed of 147 properties in the most recent two years; provided $48 million to move 921 households into homeownership; financed the acquisition of 1,200 units of affordable housing; and financed the rehabilitation and construction of an additional 4,441 units of affordable housing. Aside from the actual programmatic infrastructure already in place, the Department has the following external partnerships and policies in place to address the challenges posed by the current housing crisis:

- An existing network of housing counselors, trained foreclosure counselors and banks to assist households purchasing in DC;
- A firm commitment to green development through the Department's three year use of the Green Communities Criteria for all DHCD funded projects;
- An existing curriculum of activities for homeownership, including weekly homeownership sessions at community-based organizations and sister agencies;

The Department will connect these expanded existing programs with current initiatives in the Office of the Deputy Mayor for Planning and Economic Development; Office of Planning, Department of Consumer and Regulatory Affairs; and the District Department of the Environment. The end goal is to provide direct investment to address the fallout in communities and avoid further decline in home sales prices and vacancy in the communities.

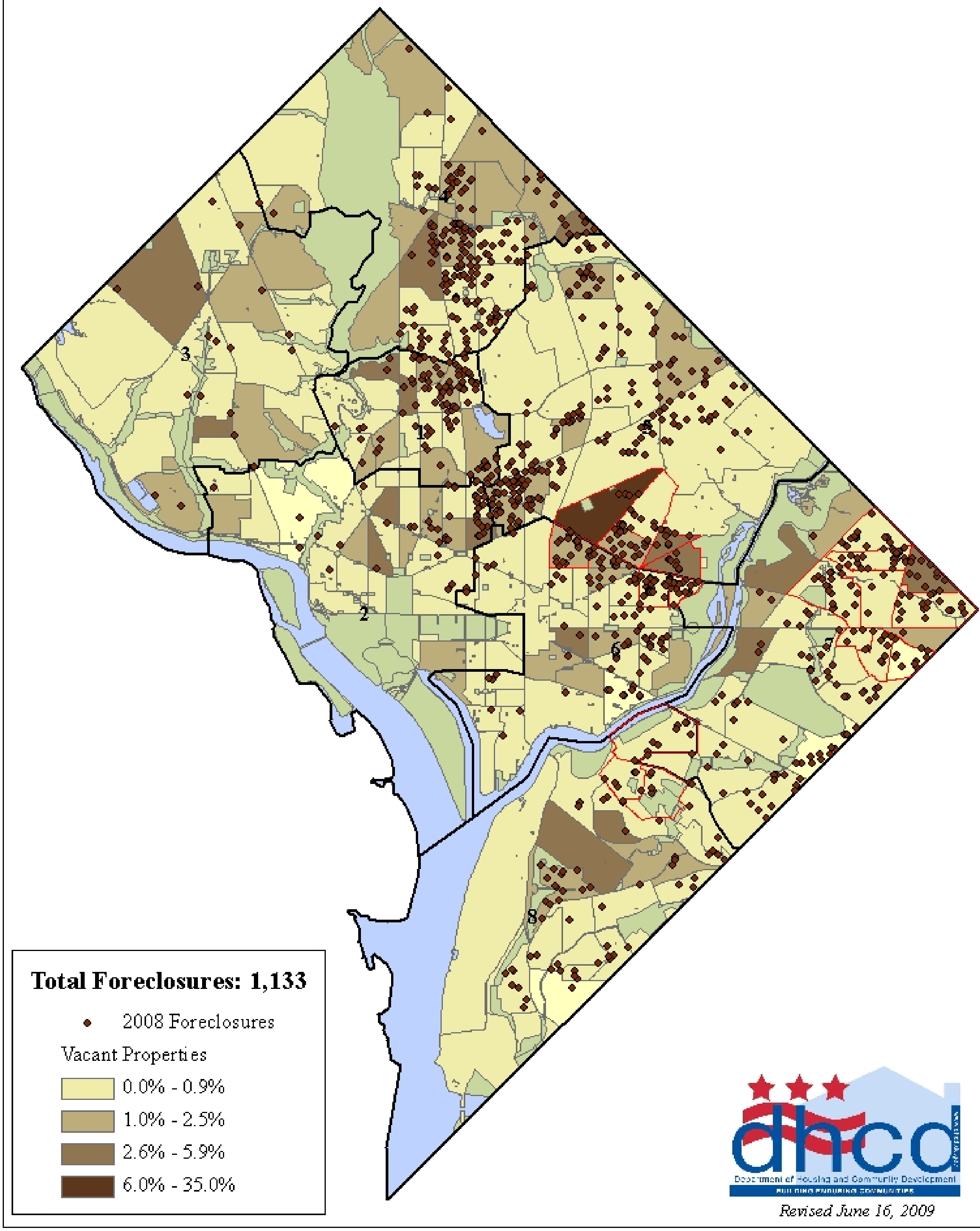
Concurrently, NCRC, together with the city, area non-profit members, builders, development consultants, NCRC's Minority Business Enterprise Center, NCRC's Community Development Financial Institution, and other community partners, will implement the GreenPRINT model. The GreenPRINT will immediately help execute the housing program and plan for the communities' long-term economic potential. It will ensure that the housing program is not implemented in isolation and that subsequent community development does not happen haphazardly or fail to benefit current residents.

The GreenPRINT represents an evolution in the planning process, as it combines comprehensive affordable housing investment and place-based community redevelopment with an explicit focus on bringing distressed communities into the growing green economy. The GreenPRINT leverages the NSP2 program to promote organic and sustainable development by enhancing the economic mobility of the base of the existing residents of Trinidad/Ivy City, Anacostia, and Deanwood.

The Department and NCRC will focus on housing as the cornerstone of a comprehensive and environmentally sustainable reinvestment plan. This plan will assist struggling and emerging communities to take ownership of their own future through the development of affordable and energy efficient homes, the creation of green jobs and small businesses and the fostering of healthy and sustainable communities. NCRC will use innovative planning techniques and technological tools to help communities envision and pursue a better quality of life. Green building and development techniques will be emphasized throughout the program.

As a part of the process for this application, the Department examined the possibility of partnering with the Metropolitan Washington Council of Governments (MWCOG). However, in the initial stages, the scores for foreclosure and vacancy could not be combined so that the application could not be considered. Once the NOFA was amended, the Department reconsidered the application, but given the unique challenges of long term vacancy and economically depressed communities faced by the District, the Department determined that an application should be done individually. Moreover, the Department will have the opportunity to participate in the national programs coordinated through MWCOG such as those through the National Community Stabilization Trust. Finally, because of the Department's unique laws regarding procurement and anti-deficiency, the Department submits this application with complementary programs to the regional application to provide an overall regional impact.

Foreclosed and Vacant Units, 2008



Ranking Factor 1: Need/Extent of the Problem
a. Target Geography:
Based on vacancy data from the Department of Consumer and Regulatory Affairs and analysis by the Urban Institute of foreclosure data from the Recorder of Deeds and the Office of Tax and Revenue, the Department identified three neighborhood clusters that are in need of Neighborhood Stabilization Funds. These three communities qualify under HUD's NSP2 guidelines, which require that collectively, the census tracts receiving assistance have a vacancy or foreclosure index score of 18 or greater to qualify[3]. The selected census tracts have an average vacancy score of 18 and an average foreclosure score of 12.79. Table 1 illustrates the scores for each tract and the average of all tracts according to the NSP guidelines.

Table 1: Foreclosure and Vacancy Scores

Cluster	Census Tract	HUD Foreclosure Score	HUD Vacancy Score
Anacostia	75.03	13	16
Anacostia	75.04	14	17
Anacostia	76.01	16	18
Deanwood	78.03	15	19
Deanwood	78.06	11	17
Deanwood	78.07	12	19
Deanwood	78.08	13	18
Deanwood	78.09	15	17
Deanwood	99.04	11	20
Deanwood	99.05	11	18
Deanwood	99.06	10	18
Trinidad	79.01	13	18
Trinidad	79.03	12	18
Trinidad	85	13	17
Trinidad	88.02	17	18
Trinidad	88.03	11	18
Trinidad	88.04	11	19
Trinidad	89.03	12	19
Trinidad	89.04	13	18
Total		**12.79**	**18**

The neighborhood clusters are Deanwood in Ward 7, Anacostia in Ward 8, and Trinidad/Ivy City in Ward 5. The housing units in these communities represent just nine percent of the total units in the District. However, they hold 28 percent of the vacant units[4] and 25 percent of the total foreclosures citywide[5]. In addition to these three areas, DHCD identified tracts in Ward 4, in the center of the City where there are high concentrations of both foreclosures and vacancy. However, they did not meet the threshold requirements for this grant. The map on the preceding page illustrates the location of the neighborhood clusters and the concentrations of foreclosures and vacancy in 2008.

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[3] http://www.huduser.org/nspgis/map.aspx
[4] American Communities Survey. http://factfinder.census.gov. Accessed May 28, 2009.
[5] Washington, DC Recorder of Deeds. http://www.washington.dc.us.landata.com/%5C#. Accessed May 28, 2009

According to the Metropolitan Washington Area Council of Government Housing Target report, the District has an annual need for affordable housing of almost 6,500 units. Over the past three years, the District has met roughly 43 percent of that need. Meanwhile, surrounding jurisdictions have typically met roughly 15 percent of the annual housing need. The influx of new need into an already stressed system will likely result in greater regional use of the District's established infrastructure of programs and services for housing counseling and rental services. Proof of this has been shown through the request by residents in surrounding jurisdictions for foreclosure counseling assistance and through the participation by Maryland and Virginia residents in the Departments Homeownership Expo and Foreclosure Clinic on June 20th at the Washington Convention Center. Of the 662 households that registered, 21 percent were Maryland residents, 8 percent were Virginia residents, and 67 percent were DC residents.

b. Market Conditions and Demand Factors

The District's real estate market did not decline as early as other markets nationwide or even within the Washington Metropolitan region. However, between 2007 and 2008, the market for housing declined rapidly as the number of days on the market and month supply increased and home sales prices and volume decreased. Before the market decline, households with subprime mortgages or households that lost jobs had greater opportunity to sell the unit before the actual foreclosure sale, but as the market declined between 2007 and 2008, more families faced foreclosure.

1 *Absorption*: Citywide, the number of home sales fell by 26.2 percent between 2007 and 2008 for single family homes and 32.1 percent for condominium units. Meanwhile, wards 5, 7 and 8 have seen more dramatic declines with volume drops of 43.8 percent, 43.8 percent, and 64.4 percent respectively for condominiums, and 40.6 percent, 45.9 percent, and 48.8 percent, respectively for single family homes. Meanwhile, home sales prices declined by .5 percent citywide, but declines in wards 5, 7, and 8 were 17.9 percent, 9.7 percent, and 12.8 percent respectively. Ward 4 also saw a rapid decline in home sales prices. However, they did not fit the threshold criteria for the NSP application. Table two illustrates the change in home sales prices[6].

Table 2: Median Sales Price 2008 $ thousands

	2007	2008	Change
Citywide	502	500	-0.5
Ward 1	607	555	-8.6
Ward 2	934	1030	10.3
Ward 3	922	875	-5.1
Ward 4	504	451	-10.4
Ward 5	415	341	-17.9
Ward 6	545	508	-6.9
Ward 7	282	255	-9.7
Ward 8	296	258	-12.8

Source: Urban Institute, Office of Tax and Revenue

In addition to the home sales price changes, the month supply for housing rose dramatically between 2007 and 2009. Between April 2007 and April 2009, the month supply for housing rose by 29.3 percent in Trinidad/Ivy City; 373.9 percent in Deanwood; and 163.8 percent in

[6] Tatian, Peter. *DC Housing Policy Forum Presentation.* May 5, 2009. DC Housing Finance Agency.

Anacostia. [7] With these month supplies and the challenge of existing neighborhood instability, it is unlikely that these communities will find a balanced market within the next three years.

2 *Contributing Factors*: According to anecdotal evidence from the Department's community-based organization partners and consistent with national data, trends in foreclosure in the District are changing. In the first wave in foreclosures that began in 2006 and continued into 2007, when foreclosures rose from 149 citywide to 491, ARM resets were the primary reason for foreclosure notices. However, over the past year, there has been a rise in job loss as a reason for foreclosure such that now it is the primary reason households face foreclosure. A contributing factor to the relatively low rate during the early period of foreclosures was that the market for housing in the District remained strong in almost all neighborhoods. Families who received a foreclosure notice had more options and could sell a home before being foreclosed upon.

While Federal employment continues to grow and absorb losses in private high skilled jobs, households holding service sector or other low skilled jobs have been highly impacted by the recession. This has translated to job losses and reduction in tips, overtime, and other payments that households have depended on during the economic boom times to fill gaps. In addition, the recession has also caused a reduction in force of the City government that has impacted working class households. The District's unemployment rate ranged from a low of 2.5 percent in March in Ward 3 to a high of 23.8 percent in Ward 8. These numbers have changed from a low in 2008 of 1.6 percent in Ward 3 and a high of 16.4 percent in Ward 8[8]. Comparatively, these District communities are faring worse than their Maryland and Virginia neighbors. In March of 2009, the Washington MSA unemployment rate was 6.5 percent, with Northern Virginia[9], Prince George's County, and Montgomery County experiencing rates of 5.1, 6.7 and 4.9 percent, respectively[10].

Table 3: Unemployment by Ward, March 2008-09

Ward	2008	2009
1	5.3	8.2
2	3	4.7
3	1.6	2.5
4	5	7.7
5	8.4	12.7
6	6.1	9.3
7	10.8	16.1
8	16.4	23.8

Source, DC Department of Employment Services

3 *Income and Rent Burden*: While the cost-burden for many higher income community members was low, more than 50 percent of households who earn less than 50 percent of AMI in 2000 reported cost burdens, with rent costing more than 30 percent of income in more than half of the census tracts. The percentage of households earning less than 80 percent of AMI reporting cost

[7] Metropolitan Regional Information Systems (MRIS). http://www.mris.com/reports/stats/index.cfm. Accessed June 5, 2009.
[8] DC Department of Employment Services, http://www.does.dc.gov/does/cwp/view,a,1233,q,538023.asp. Accessed May 26, 2009.
[9] Virginia Employment Commission: http://www.vec.virginia.gov/pdf/newpres1.pdf, Accessed June 25, 2009
[10] Maryland Department of Labor, Licensing and Regulation: http://www.dllr.state.md.us/lmi/laus/ Accessed June 25, 2009.

burdens ranged from a low of 18.2 percent to a high of 89.1 percent. Those earning between 80 and 120 percent of AMI experienced little or not cost burden in the targeted geography. The tracts reporting these high cost burdens were diffuse across all three communities[11].

4 *Additional External Factors*: These communities are also the ones that can least afford to lose home values and neighborhood quality. According to analysis by the Urban Institute (2009), foreclosure starts are closely correlated with home sales prices in the District. The three neighborhood clusters the Department has selected have low prices and the highest foreclosure start rates. Figure one shows the placement of the targeted neighborhoods, clusters 28 (Anacostia), 23 (Trinidad), and 31 (Deanwood), in relation to other communities in the District on foreclosure starts and home prices. Similarly, these areas have low absorption rates in the current market, with month supplies in March ranging from a low of 9.43 months to a high of 37.22 months, meaning that at the March pace, it would take up to 37 months to clear the market in the targeted communities. As a result, the average number of days on the market has soared to up to 150 days.[12]

5 *Appropriate Categories of Activities*: *Please see the proceeding sections*

a. Targeted Geography: Trinidad/Ivy City Cluster:
Situated in the New York Avenue Industrial corridor, this mixed-use industrial neighborhood was once a bustling place to live. The cornerstone of the Ivy City neighborhood, since its erection in 1911, was for a long time the historic Alexander Crumell School, until its closing in 1972. This closing marked the beginning of a period of economic decline for the neighborhood. Properties were abandoned and neglected, creating gaps that left the urban fabric discontinuous.

While most of the neighborhood is residential and zoned R-4, a portion is commercial/industrial in nature, zoned C-M-1. These conditions have continued to detract from the value, safety and overall quality of this community, making this once vibrant neighborhood a high crime, less desirable place to live. In the summer of 2008, this neighborhood made local headlines for a wave of violent crime and gang activity that preceded heavy policing and road blocks in the community[13].

The Trinidad/Ivy City cluster, which includes eight census tracts in Ward 5, has experienced a domino-effect of decline due to the existing vacancy in the community. This area, bounded by Capitol Hill to the South; New York Avenue to the North; and North Capitol Street to the West, has missed much of the economic development of its surrounding neighbors. However, its proximity to Capitol Hill made it appealing to new homeowners looking for affordable homes near to the City center. Moreover, the development of a new street car line on the southern edge of this community will connect add increased connectedness to jobs via Union Station, which has Metro, Maryland Area Regional Commuter, Amtrak, and Virginia Railway Express trains connecting the neighborhood to the region.

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[11] US Census: factfinder.census.gov. Accessed July 7, 2009.
[12] Metropolitan Regional Information Systems (MRIS). http://www.mris.com/reports/stats/index.cfm. Accessed June 5, 2009.
[13] http://www.washingtonpost.com/wp-dyn/content/article/2008/06/04/AR2008060402205.html Accessed June 18, 2009.

The homeownership rate in Ward 5 was 52.5 percent. Between 2003 and 2007, home sales prices increased by 196 percent, rising from $164,000 to $322,000. However, between 2007 and 2008, prices dropped by 19.2 percent from $322,000 in 2007 to $260,000 in 2008[14]. While prices fell dramatically, the overall rise in prices between 2003 and 2007 created an unaffordable situation for many households in the area who, according to the 2000 census had incomes between $17,857 and $35,225, or between 24 percent and 48 percent of the Area Median Income in 2000. Table four shows each census tract with median incomes and rates for vacancy and foreclosure.

Table 4 Trinidad Foreclosure and Vacancy by Tract

Neighborhood	Census Tract	Vacancies per 1,000 units	Foreclosures per 1,000 units	Median Household Income, 2000
Trinidad	79.01	42.25	15.85	$24,327
Trinidad	79.03	24.21	22.11	$36,280
Trinidad	85	59.76	13.68	$35,225
Trinidad	88.02	18.92	8.69	$28,462
Trinidad	88.03	25.40	6.35	$17,857
Trinidad	88.04	16.14	9.83	$24,489
Trinidad	89.03	11.31	7.98	$29,698
Trinidad	89.04	5.13	5.13	$21,540
Total		24.76	10.88	

Source: DC Recorder of Deeds; DC Department of Consumer and Regulatory Affairs

b. Market conditions and demand factors

1: This neighborhood, has a high saturation rate of properties currently as a result of both the existing vacancies and the new foreclosures. In April of 2009, the month supply was as high as 30.8 months, increasing dramatically from 6.5 months in 2007. A six month supply of housing units per month is considered a balanced market. Moreover, the average number of days on the market in Trinidad/Ivy City was 101 days in April of 2009, up from 72 in 2007. Finally, the number of homes sold monthly fell by 42 percent between 2007 and 2008[15].

2-4: In spite of the small growth in home prices and population that occurred during the housing boom, the neighborhood still had significant vacancy rates and poverty. There are roughly 25 vacant units per 1,000 total units in the neighborhood across the cluster while individually, some tracts have rates greater than 40 vacant units per thousand. Therefore, the slow down in home sales combined with falling prices has resulted in increased vacancy and foreclosure. Further, this cluster had the highest percentage of subprime mortgages in the District in 2005 at 29.1 percent.[16] While there have been about 10.9 foreclosures per thousand, as of January 1, 2009, there were also 35 foreclosure starts per thousand units in that cluster.

5: The combination of the location of this community, access to the center city, and the dilapidated state of much of the housing stock make this area an ideal spot for acquisition, renovation and resale. Further, the stock of small and moderately sized vacant and foreclosed

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[14] Washington, DC Office of Tax and Revenue; Urban Institute Analysis, 2009.
[15] Metropolitan Regional Information Systems (MRIS). http://www.mris.com/reports/stats/index.cfm. Accessed June 5, 2009.
[16] Tatian, P., Kingsley, T., Austin Turner, M., Comey, J, Russo, R. "State of the District's Neighborhoods." Urban Institute: 2008

multifamily buildings which will mean that the department will use the approach of a larger financing mechanism for acquisition and rehabilitation by developers will be key to stabilizing the community and encouraging growth from diverse groups in the City.

a. Targeted Geography: Deanwood/Burrville Cluster

Deanwood, located in Ward 7, across the Anacostia River, is anchored by the Minnesota Avenue Metro Station development in the center and borders the State of Maryland on two sides. This has historically been an area with a high concentration of older homeowners away from the central city. In fact, roughly 13 percent of residents are elderly, and of those, between 13 and 32 percent live in poverty.

b. Market conditions and demand factors

1: In 2005, the percentage of homes sold with subprime mortgages ranged from a low of 19 percent in some tracts to a high of 34 percent (numbers based on neighborhood cluster)[17]. The home sales prices increased by 11 percent annually between 2003 and 2008, increasing from $148,000 in 2003 to $282,000 in 2007. However, they declined by 9 percent between 2007 and 2008, falling to $255,000. Although the decline in the home sales price means that units are more affordable to potential homebuyers in the community, incomes are still out of sync with these prices. This is particularly true as credit has tightened. Meanwhile the volume of homes sold remained stable at between 104 and 111 between 2003 and 2007 but fell to 50 homes in 2008[18].

This decline in the volume and price has led to an increase in the number of days on the market and an increase in the month supply of housing. In April, the average number of days on the market rose to 166 days from 120 over the same period in 2008 and up from 33 days in 2007. Moreover, the absorption rate has declined as measured by the month supply. In April of 2009, the month supply was 30.8 months, compared to 17.9 in 2008 and 6.5 in 2007[19].

Table 5 – Deanwood Foreclosure and Vacancy by Tract

Neighborhood	Census Tract	Vacancies per 1,000 units	Foreclosures per 1,000 units	Median Household Income, 2000
Deanwood	78.03	23.50	12.99	$27,295
Deanwood	78.06	25.29	12.65	$31,921
Deanwood	78.07	22.22	13.33	$34,050
Deanwood	78.08	30.87	12.58	$24,267
Deanwood	78.09	32.88	19.25	$28,719
Deanwood	99.04	14.57	8.97	$24,327
Deanwood	99.05	20.62	7.93	$36,280
Deanwood	99.06	15.22	7.61	$35,225
Total		24.13	12.17	

Source: DC Recorder of Deeds; DC Department of Consumer and Regulatory Affairs

2-4: Meanwhile, foreclosure rates have been high. In 2008, there were 41.4 foreclosure starts per 1,000 units. Further, there were 38.8 units in foreclosure per 1,000 units. In addition vacancy in

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[17]Tatian, P., Kingsley, T., Austin Turner, M., Comey, J, Russo, R. "State of the District's Neighborhoods." Urban Institute: 2008.

[18] DC Office of Tax and Revenue

[19]Metropolitan Regional Information Systems (MRIS). http://www.mris.com/reports/stats/index.cfm. Accessed June 5, 2009

this community remains high. The vacancy rate for the census tracts overall was 24.13 vacancies per 1,000 total units. However, some tracts have experienced vacancies up to almost 33 units per 1,000[20]. This community has been hit particularly hard by unemployment, which, in the District has impacted the lower skilled and low income job sectors at a disproportionate rate. Ward 7 has an unemployment rate of 16.1 percent, the second highest in the City. In addition, the increase in home sales price combined with the high number of subprime mortgages in this area of the District meant that many families that needed to sell could not sell for enough to pay the bank.

In addition, this remains one of the lowest income communities in the City. In 2000, these tracts had median incomes of between $24,457 and $34,050. Further, in 2007, the percentage of food stamp recipients was more than 30 percent in nearly all tracts of this cluster[21]

5: To stabilize Deanwood, the Department will need to stabilize prices and encourage new residents to fill in the vacancy that already exists in the community. To do this, the ideal approaches will be to acquire long-vacant properties for rehabilitation and bring them back into productive use, while also encouraging new homebuyers to purchase foreclosed properties needing minor rehabilitation. One of the biggest challenges outside of the current housing crisis for this community is the level of amenities such as grocery stores within the community. To improve amenities, the Department will also work closely with the Office of Planning and the Office of the Deputy Mayor for Planning and Economic Development to develop strategies that address the connect to the plans for development of the commercial sector of the community.

Targeted Geography: Anacostia Cluster

The Anacostia cluster, bounded roughly by Pennsylvania Avenue, SE, and Branch Avenue, is a historic community east of the Anacostia River. Part of a Main Streets initiative, Historic Anacostia has seen long term disinvestment beginning in the late 1960s as many middle class households left the City. More recently, the neighborhood has been the site of an increasing number of government buildings such as the DC Departments of Housing and Community Development; DC Homeland Security and Emergency Management Agency, and DC Department of Youth and Rehabilitation Services Agency.

Table 6 – Anacostia Foreclosure and Vacancy by Tract

Cluster	Census Tract	Vacancies per 1,000 units	Foreclosures per 1,000 units	Median Household Income, 2000
Anacostia	75.03	48.53	6.07	$21,402
Anacostia	75.04	17.48	6.99	$22,755
Anacostia	76.01	17.50	4.15	$32,930
Total		24.63	5.34	

Source: DC Recorder of Deeds; DC Department of Consumer and Regulatory Affairs

b. Market conditions and demand factors

1: In addition to a growth in foreclosure and fall in prices, Anacostia also has a high saturation rate of existing vacant buildings and homes. The months supply in this community fell to 18.2 months in April, down from April 2008's supply of 27.8 months but up from 6.9 months in the same period in 2007. Further, the homes remained on the market an average of 83 days. In

[20] Washington DC Recorder of Deeds
[21] DC Department of Human Services, Income Maintenance Administration.

combination with the high number of days on the market and the decline in the volume of home sales, this means that fewer new foreclosures can be absorbed by the existing market[22].

2-4: Despite these efforts, the community also has a high concentration of foreclosures and vacancies, as well as low home sales prices and volume. It also has the lowest homeownership rate in the city with only 24.8 percent of all households owning homes. In 2005, 23.9 percent of all mortgages were subprime[23]. In 2008, this cluster had a total of 38 foreclosure starts per 1,000 total units of housing. In addition, by the end of the year, there were 36.5 units per 1,000 in foreclosure in Anacostia. Between 2007 and 2008, home sales volume dropped by 36.4 percent from 22 units to 14 units sold. Meanwhile the home sales prices, which had climbed by 11.7 percent between 2003 and 2008, fell by 14 percent between 2007 and 2008, from $288,000 to $246,000.

Meanwhile, median incomes in Anacostia in 2000, ranged from $21,402 to $32,930[24], and food stamp receipt in 2007 was 56 percent across the neighborhood[25].

5: To address these challenges, the Department will utilize a combination of approaches: direct acquisition and rehabilitation of units through the Department, home purchase incentives, and rehabilitation of rental and for-sale multi-family buildings. Further, the Department will work with other agencies such as the Office of Planning to integrate the plans for Historic Preservation with the goals of this application.

Rating Factor 2: Demonstrated Capacity of the Applicant and Relevant Organizational Staff

To maximize the impact of NSP2 funds, the Department has approached the application by building on existing programs and experienced staff, and evaluating those programs to determine if there are ways to remove barriers to rapid, targeted use in communities. The five activities are all expansions of current DHCD programs or participation in programs successfully developed in other District agencies.

a. Past Experience of the Applicant:

Acquisition, disposition, and redevelopment of vacant and foreclosed properties

This will be an expansion of existing work through the Department's Property Acquisition and Disposition Division (PADD). In the past two years, PADD has acquired 68 units through tax foreclosure, eminent domain, or direct purchase and has disposed of 79 units through auction, adjacent property sales, or solicitation. These properties were maintained by PADD to reduce the blight created through vacancy during PADD's ownership of the properties. The properties were then sold for reuse through solicitations for offers (SFO) or an auction. In previous years, the Department acquired and redeveloped properties at a higher level. Due to the increasing cost of acquisition and construction, as well as recent budget reductions over the past three fiscal years,

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[22] Metropolitan Regional Information Systems (MRIS). http://www.mris.com/reports/stats/index.cfm. Accessed June 5, 2009

[23] Tatian, P., Kingsley, T., Austin Turner, M., Comey, J, Russo, R. "State of the District's Neighborhoods." Urban Institute: 2008.

[24] Decennial Census, 2000. http://factfinder.census.gov. Accessed May 26, 2009.

[25] DC Department of Human Services, Income Maintenance Administration.

PADD has had to reduce the number of acquisitions and find additional financial means to support acquisitions and dispositions.

One example of the work done through PADD is the Trinidad/Ivy City Special Demonstration project partially funded through the first round of NSP and as administered by the Development Finance Division. Through this process, the Department acquired 37 properties in a concentrated radius and disposed of those properties through a solicitation to three nonprofit developers and one for profit developer. These units will be redeveloped into 58 units of affordable and workforce housing.

Redevelopment of Vacant Property: The Turnkey Development Program
On November 8, 2008, the Department reported to the Mayor on the processes of the Property Acquisition and Disposition Division. To speed up the process of returning properties to productive use, the Department took the following steps:

- Standardized documents;
- Executed an auction for scattered sites;
- Hired additional staff; and
- Implemented the Turnkey Development Program.

The first three steps were easily implemented through the Department. To successfully implement the final step, the Department and the DC Housing Authority (DCHA) executed an MOU for management of the Department's Turnkey Rehabilitation Program, which will be run through PADD. The program will take properties from the existing inventory and renovate them as affordable units. This partnership was developed to increase the level of experience on this project and to utilize the flexibility of DCHA's contracting authority to expedite these projects. In the past 24 months, DCHA manages the rehabilitation and maintenance of more than 8,000 units in 60 properties directly. In addition, the DCHA Construction Services Administration manages projects throughout the District in education, residential, commercial, recreational and correctional construction using an in-house team of engineers, architects, project managers, and construction inspectors.

The Department has also executed an MOU with the University of the District of Columbia's (UDC) Architectural Research Institute (ARI) for construction management and the development of drawings and specifications. In the past 24 months, ARI has managed the construction of 40 properties, yielding 79 units for the Department. ARI has been a partner of the Department for more than 20 years since the development of he Homestead Housing and Preservation Program.

Providing Counsel on Foreclosure Mitigation and New Homeownership: Single family program assistance
The Department supports single family homeownership through the Home Purchase Assistance Program (HPAP) in the Residential and Community Services Division (RCSD). HPAP provides gap financing to first time home buyers throughout the City. Qualified buyers earning 120 percent of AMI or less can receive a five year deferred low interest loan to fill the purchase gap up to $40,000. HPAP assistance levels are dependent upon household income. For instance, a household earning 80 percent of AMI will qualify for only $10,000, while a family earning 50 percent of AMI will qualify for $40,000. These funds are currently eligible for use toward

downpayment assistance. All households eligible for this program can receive an additional $4,000 toward closing costs.

The program requires that all recipients go through homeownership counseling with a HUD-certified counselor before and after purchasing the unit. The Department funds five community-based organizations to provide this counseling to applicants: Housing Counseling Services, Lydia's House, Latino Economic Development Corporation, Marshall Heights Community Development Corporation, and University Legal Services. Further, the Department partners with the Greater Washington Urban League to provide intake for the program. The combination of housing counseling and regulations surrounding the types of loans permitted under this program have resulted in low rates of foreclosure and delinquency.

The Department funded 921 homeowners for $48 million in the 24 months leading up to May, 2009. This translates to about 500 loans per fiscal year. Due to budget cuts, DHCD intends to close a total of roughly 400 loans in FY2009. Before increasing the amount for which households qualify, the Department closed about 150 loans annually. However, in 2007, the maximum amount per household was increased to $70,000, and more families found the program worth while. The program totals were reduced in 2009 to a maximum of $40,000 per household based on income.

HPAP currently has a leverage ratio of 3.2 for private dollars. In FY2008, $86.2 million was leveraged from private lenders from $27.1 million in a combination of HOME, CDBG, and HPAP repayment funds.

Rehabilitation of Housing: Financing of multi-family affordable housing units
The Department primarily finances affordable housing through the Development Finance Division (DFD). DFD uses a variety of funding sources, including HOME, CDBG, and the local Housing Production Trust Fund (HPTF) to finance multifamily rental, single family homeownership, and condominiums and limited equity cooperatives through the District. In the past 24 months, DHCD has produced 4,441 units of affordable units, targeted primarily to households earning less than 80 percent of Area Median Income. This investment of $222.5 million has leveraged $596.4 of private financing for local affordable housing development. The average per unit subsidy over the past 24 months has been approximately $51,000.

In the past two years, the Department has made strides to reduce the amount of time projects take to move through the funding pipeline. Further, through the local Green Building Act of 2006, all publicly financed projects in the District must meet the Green Communities Criteria. This has been successfully implemented in the three most recent Requests for Proposals.

Accessing and Operating Investment Capital: Revolving Loan Fund
Since 2005, the Department has managed the Site Acquisition Funding Initiative (SAFI), a component of the Housing Production Trust Fund designed to provide quickly accessible, revolving loan funds for nonprofit developers committed to the production and preservation of affordable housing. SAFI leverages funds from the Trust Fund with private monies for the preservation, rehabilitation and production of affordable housing. It provides funds to enable non

profit developers to acquire properties in the District and expedite pre-development activities and closing. It can only be used to fund acquisition and predevelopment.

SAFI lenders, selected by the Department, leverage SAFI Funds with their own capital, at a match of at least one-to-one, to offer below-market interest rate site acquisition and pre-development loans to pre-qualified, nonprofit housing developers for eligible projects in the District of Columbia. The four participating lenders are: Enterprise Community Loan Fund, City First Bank of the District of Columbia, Cornerstone, Inc., and Open Door. Since 2006, 26 SAFI loans for 1,240 affordable units by non profit developers have closed. Through SAFI, $25,000,000 in local government funds leveraged an additional $32,522,722 in private capital through the SAFI lenders.

The prospective non profit recipients of the funds are reviewed by the Department and qualified as SAFI developers. They then apply to any of the SAFI lenders for loans. The DHCD portion is loaned at 0% interest which when blended with the lender's contribution at the lender's rate produce a below market interest rate. In addition the lenders can charge loan origination fees and interest rate premium on the entire loan. The maximum interest, loan fees, and interest rate premium are as agreed upon in the loan agreement between DHCD and the lenders.

The participating lenders send a loan request to DHCD which has to be approved or rejected within 10 business days. If DHCD does not act in 10 days the loan is deemed approved. The underwriting and disbursement of loan funds are performed by the lenders. The loans usually close within a week of DHCD's approval. The SAFI loan term is usually 24 months, and it is taken out at the time of permanent/construction financing.

b. Management Structure

1) The five activities above are managed through three divisions: Residential and Community Services Division (RCSD), PADD, and DFD. The Office of Program Monitoring, managed by Michelle Y. Christopher will be responsible for all oversight of grant activities, including environmental review, affordability restrictions, and other items as required by HUD. Michelle currently monitors all HUD grants, including HOME, ESG and CDBG. In addition, the GreenPrint activities will be coordinated through NCRC.

Activities 1 and 2: Acquisition, Disposition and Rehabilitation of Single Family Properties: PADD acquires residential and/or commercial properties and disposes of such properties for the purposes of creating affordable housing, revitalizing commercial corridors, and/or providing public benefit for communities throughout the District. Initiatives in PADD target the acquisition of vacant/abandoned and/or tax delinquent properties for the purpose of rehabilitating those properties and returning to productive use as housing accommodations, with an emphasis on affordable homeownership. Martine Combal, PADD manager will manage acquisition and rehabilitation services under this grant. Additional staff for the NSP2 funds include Michael Woodson and Barbara Cannady-Masimini, Realty Project Managers who will inspect properties and manage the acquisition and disposition of properties.

Activity 3: Homeownership Assistance

HPAP is a program located within RCSD, which includes the Neighborhood-based Activities Branch; the HPAP Branch; Lead Safe Washington; and Single-Family Rehabilitation. The HPAP branch of RCSD provides financial assistance in the form of interest-free or low-interest loans to qualified District residents to enable them to purchase homes, condominiums or cooperatives. Qualified households are eligible for loans to meet down payment and closing cost requirements, the amounts of which are based on several factors including: income; household size; and the amount of assets that each applicant has to commit toward the purchase price. The division is managed by Charles Lindsey. Additional staff for that program include Janice Blassingame, HPAP Manager and Lamont Lee, Community Services Program Manager who manage HPAP and the relationships with the Community Based Organizations that carry out counseling and intake, respectively. The Department also has existing partnerships with The Greater Washington Urban League, University Legal Services, Housing Counseling Services, Latino Economic Development Corporation, Lydia's House, and Marshall Heights Community Development Corporation to provide counseling and intake for HPAP.

Activities 4 and 5: Revolving Loan Fund and Financing of Affordable Units
The major function and responsibilities of the Development Finance Division are to ensure development and maintenance of affordable housing, including mixed-use projects and community facilities, by providing financial assistance to developers through the following major program areas: Project Financing, First Right to Purchase and Tenant Purchase Technical Assistance. For direct financing of affordable housing and the revolving loan fund, Christopher Earley, DFD Manager oversees all activities in that division. Additional staff members with direct management over these projects for that division are Oke Anyeagbunam, Housing Production Trust Fund Manager and Jim Thackaberry, Supervisory Project Manager who will provide support for the acquisition and rehabilitation fund and financing, respectively.

Green*Print:*
The National Community Reinvestment Coalition, Inc. (NCRC) was formed in 1990 by national, regional, and local organizations to develop and harness the collective energies of community reinvestment organizations from across the country to increase the flow of private capital into traditionally underserved communities. NCRC has grown to an association of more than 600 community-based organizations that promote access to basic banking services including credit and savings, to create and sustain affordable housing, job development and vibrant communities for America's working families.

NCRC will assign current professional staff listed below to lend their expertise to this project. The initiative will also leverage the diversity of skills among NCRC's full Washington DC Area staff of 45, plus our members, as well as our Board of Directors. Key staff members will include John Taylor, President and CEO, James H. Carr, Chief Operating Officer, David Berenbaum, Executive Vice President, Ada Albright, Director, National Training Academy, Michael D. Mitchell, Director, National Neighbors, Jeffrey Paul May, Assistant Director, National Neighbors, Dica Adotevi, Chief Financial Officer, Joshua Silver, Vice President of Research and Policy, Patrice Davenport, Director of Markeying and Membership Development, Tamara Jayasundera, Senior Research Analyst, and Michelle Mulcahy, Research Specialist. NCRC also hopes to hire additional staff to support the activities of the grant, including a project coordinator and a marketing assistant.

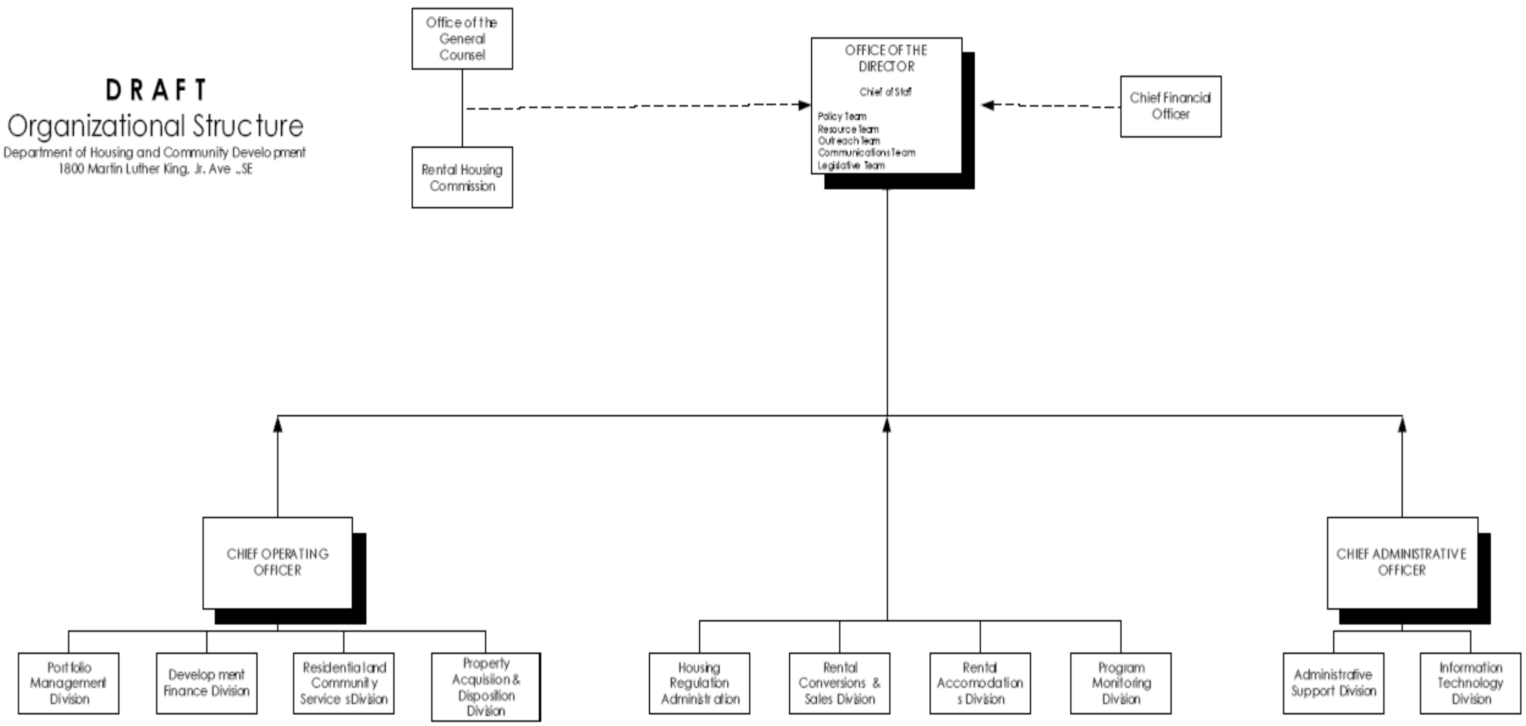
In addition to the staff profiled above, NCRC will engage selected Washington DC non-profit members for the purposes of planning, housing counseling services and community engagement. These individuals reflect the diversity of NCRC membership according to race, ethnicity and disability, as well as the types of communities they serve. The member organizations and the individuals identified to provide the trainings under this grant include:

- Housing Assistance Council (HAC) Mr. Moises Loza Executive Director
- Local Initiatives Support Corporation (LISC) DC office Mr. Buzz Roberts Senior Vice President
- Manna Inc. Mr. David Dorsey Director of Finance and Administration
- National Housing Conference Ms. Sharon Price Director of Policy
- National Housing Trust Mr. Michael Bodaken President
- National Low Income Housing Coalition, Ms. Linda Couch Deputy Director
- National NeighborWorks Association Mr. David Brown Executive Director
- NeighborWorks America (Neighborhood Reinvestment Corporation) Mr. Steven Tuminaro Treasurer/Director of Public Policy & Legislative Affairs
- ONE DC Organizing Neighborhood Equity Mr. Dominic Moulden Executive Director
- United Planning Organization, Mr. Dana Jones, CEO
- National Association of Housing Counselors and Agencies Ms. Wayne Hodges President/CEO
- Sasha Bruce Youthwork Inc Ms. Deborah Shore Executive Director
- CHE Unlimited. Inc. CDC Ms. Crystal Hundley Evans President CEO & Founder
- Corporation for Enterprise Development (CFED) Ms. Carol Wayman Senior Legislative Director
- Greater Washington Hispanic Chamber of Commerce Ms. Ana Harvey President & CEO
- Alliance for Healthy Homes Mr. Patrick MacRoy Executive Director
- American Community Partnerships Mr. Ed Gorman President
- Capital Area Asset Builders Ms. Colleen Dalley Executive Director
- DC Change Mr. David Faucette Executive Director
- Dignity for Us All Foundation Ms. Theresa Pinkard
- Enterprise Community Partners Ms. Ali Solis Vice President - Public Policy
- Habitat for Humanity International Ms. Jane Maloney Director National Programs
- Hogares-Latino Transitional Housing Partnership Mr. Jarrod Elwell Director
- Home Free, Inc. Ms. Marcia Griffin President and Founder
- National Alliance to End Homelessness Ms. Nan Roman President
- National Association of Housing and Redevelopment Officials (NAHRO) Ms. Renee Rooker Executive Director
- Northwest Church Family Network Ms. Vanessa Poitier Executive Director

D R A F T

Organizational Structure

Department of Housing and Community Development
1800 Martin Luther King, Jr. Ave., SE



March 10, 2009

2) References

Acquisition and Disposition:
Answer Title
Contact: Donna Fitzgerald Shuler, Co-President
10 G Street, NE
Suite 410
Washington, DC 20002
P: 202.204.0600
F: 202.204.0610
dfshuler@answertitle.com

DC Habitat for Humanity
Kent Adcock
President
843 Upshur St NW
Washington, DC 20011
T (202) 882-4600 ext 228
F (202) 882-9343
kent.adcock@dchabitat.org

Rehabilitation through Turnkey
Clarence W. Pearson Jr. Professor
University of The District of Columbia
Director, Architectural Research Institute
Building 32, Room 205
4200 Connecticut Ave., Wash. DC 20008
Telephone 202 274-5059
Fax: 202 274-5062
cpearson@udc.edu

Christopher Stennett
Director of the Development and Modernization Administration
District of Columbia Housing Authority
Construction Services Administration, LLC
1133 North Capitol Street, Suite 242
NW Washington DC 20002-7599
202-535-2729 Office
cstennett@dchousing.org
www.csa-dcha.com
www.dchousing.org

Home Purchase Assistance:
D. C. Housing Finance Agency
Contact: Gwen N. Adams
815 Florida Avenue, NW
Washington, DC 20001
202-777-1635

Manna, Inc
Contact: Frank Demarais
828 Evart Street, NE
Washington, DC 20008
202-832-1845

Financing of Multi-Family Projects:
Corporation for Nonprofit Housing and Economic Development
Contact Person: Robert Pohlman
Executive Director
1432 U Street NW,
1st Floor Annex
Washington, DC 20009

DC Housing Authority
Contact: Larry Dwyer
Director, Office of Planning and Development
DC Housing Authority
1133 N. Capitol Street NE
Washington, DC 20002
202-535-1445

Accessing and Operating Investment Capital
Enterprises Community Loan Fund
Contact: David Bowers
Program Director, Lending
10 G Street NE, Suite 450
Washington, DC 20002
(202) 842-9190

City First Bank of DC
Contact: Godwin Agba (202) 243-7102
Stephanie Myer (202) 243-7113
1432 U Street NW
Washington, DC 20009

District Neighborhood Stabilization Program Approaches
Rating Factor 3: Soundness of Approach
a. Proposed Activities

The Department will employ two broad strategies under the Neighborhood Stabilization Program to address the diverse issues around foreclosure and vacancy in the three targeted areas. These approaches are a mix of market stimulation and government intervention that will be determined through need and the population of properties in the area. These activities will be within the framework of the NCRC's Green*Print* model, which combines comprehensive affordable housing investment and place-based community redevelopment with an explicit focus on bring distressed communities into the growing green economy to simultaneously address the primary and secondary impacts of foreclosures and give life to a sustainable investment cycle that enhances the value of existing assets to build affordable and energy efficient homes.

CDBG Eligible Activity	Total Funds Requested	Units	Responsible Entity
Acquisition and disposition of Vacant and foreclosed Properties (570.202)	$12 million	96	PADD
Rehabilitation of units through the Turnkey Development Program (570.202)	$9 Million	63	PADD/DC Housing Authority
Downpayment Assistance (570.201 (n))	$2.5 Million	150	RCSC
Revolving Loan Fund (570.202)	$15 Million	100	DFD
Affordable Housing Finance (570.202)	$15 Million	375	DFD
Total	$63.5 Million	784	

Over all three communities, the dominant property types are single family homes. However, Trinidad/Ivy City also had a significant portion (roughly 35 percent) of small apartment buildings of less than five units in the first quarter of 2009. However, roughly 16.3 units per 1,000 existing renter-occupied homes had a notice of foreclosure in the first three quarters of 2008[26]. This mix of units means that it is essential to address both single family and multi-family challenges in the District as a means of stabilizing communities.

Standard in the Department's existing process are three primary threshold requirements relevant to NSP2 funds:

- All projects must be ready to proceed with all permits and funding sources identified. This requirement has moved projects rapidly through the pipeline since its initial implementation in 2007.
- All projects must adhere to the Green Communities Criteria (GCC) developed by Enterprise Community Partners. This was implemented as a part of the District's Green Building Act of 2006, which requires that all residential properties of 10,000 square feet of more with 15 percent or more of public financing comply with GCC.
- All development projects must adhere to long term affordability requirements. The District's local funds through the Housing Production Trust Fund require 40 years of affordability. For PADD, all affordable units must be maintained as affordable for 15 years.

Activity 1: Acquisition and disposition of a minimum of 96 units of vacant and foreclosed properties: $12 million

[26] Tatian, Peter. "Foreclosures and Renters in Washington, D.C." April, 2009. The Urban Institute: Washington DC.

Uses of Funds
Using vacant property lists developed at the DC Department of Consumer and Regulator Affairs, HUD foreclosed properties list and REO lists developed in partnership with local banks, PADD will acquire a minimum of 96 vacant and/or REO properties that are in need of renovation or otherwise troubled properties in the targeted geography at a cost of $12 million in NSP2 funds and $7.5 million in committed local funds. These properties will either be immediately sold to families at or below the required 120 percent Area Median Income limit or be rehabilitated and sold to families within the income limits who have received notices of eligibility for HPAP.

The targeted property type will generally be the large portion of problematic single family homes in the existing portfolio of REO properties to fill the gap in the market. Properties with no issues should be more easily addressed through homeownership and rehabilitation incentives than through acquisition and disposition by the Department. Moreover, this program will address some of the most blighted and long-standing abandoned units in communities by selling the units to developers, maintaining the property, or rehabilitating the property through the Turnkey Development Program. This will assist neighboring property owners in maintaining property values often impacted by blighted properties, particularly in communities with high concentrations of vacant units like the targeted geographies.

Activity 2: Rehabilitation of 63 Single Family Properties: $9 million
In this activity, PADD will hire fee developers (through an indefinite delivery/indefinite quantity contract) to rehab 63 properties acquired through the Department. The properties will then be sold to affordable households.

Through two contracting methods with the Office of Contracting and Procurement's Indefinite Delivery Indefinite Quantity (IDIQ) process and an MOU with the District of Columbia Housing Authority (DCHA) (Attachment 2), PADD will hire fee developers, general contractors, and modular housing companies to rehabilitate and develop new single family homes on property in the PADD inventory. Through an MOU with UDC's Architectural Research Institute (Attachment 3), PADD will use NSP dollars to leverage local capital funds to develop construction drawings and specifications. PADD will also use capital and unified funds to pay for the construction and rehabilitation of vacant buildings and lots.

1. Under the IDIQ process with OCP, a Task Order RFP, including drawings and specifications, will be issued to the contractors on the IDIQ list, whereby the contractors will submit to PADD estimates for the requested construction. PADD will review the estimates and award the Task Order and the notice to proceed.
2. PADD has also entered into an MOU with DCHA's Design Modernization Administration to use their in-house architects and construction managers, on an as-needed basis, to design specifications and drawings, budget, and hire and manage contractors to rehabilitate vacant buildings or build new construction on vacant lots in the PADD inventory. DCHA has the ability to execute certain contracts more quickly than through the OCP process.

<u>PROPOSED SITES:</u>

Using a combination of $8.75 million in local funds and $7 million in NSP2 funds, PADD will renovate 63 units of housing in the targeted areas over the next three years.

Properties	Ward	Type	Units	Neighborhood	Date Developed
1648 U St SE	8	Building	1	Anacostia	FY09
2200 Hunter Pl SE	8	Lot	10	Anacostia	FY09
1414 22nd St SE	8	Lot	1	Anacostia	FY10
1109 50th ST NE	7	Lot	1	Deanwood	FY10
4044 Foote St NE	7	Building	1	Deanwood	FY10
5302 F ST SE	7	Lot	1	Deanwood	FY10
4906 Jay St NE	7	Building	1	Deanwood	FY10
1214 Montello Ave NE	5	Lot	1	Trinidad	FY10
1214 Staples St NE	5	Building	4	Trinidad	FY10
740 19th St NE	5	Lot	1	Trinidad	FY10
1013 Florida Av NE	6	Lot	1	Trinidad	FY10
62nd St NE (8 lots)	7	Lot	10	Deanwood	FY11
919 47th St NE	7	Lot	1	Deanwood	FY11
1663 Montello Ave NE	5	Lot	1	Trinidad	FY11
TOTAL		**14**	**35**		

This program will address the most problematic properties in the District's portfolio of acquired properties. Many of these units require a gut rehabilitation and often lack floors and roofs. By bringing these units into productive use through direct intervention, the Department can speed up the process and address projects that would otherwise be too large for individual homebuyers. When finished, these units will be offered for sale to homebuyers using the Home Purchase Assistance Program in the targeted geographic areas that are ready for occupancy.

Activity 3: Homeownership Incentives for a minimum of 150 homeowners: $2.5 million
While direct intervention by the Department is necessary in addressing large vacant structures, blighted single-family homes, and vacant lots, there are many units of single family housing that can be addressed through incentives to individual home buyers. While the District's pipeline of homebuyers has been impacted by tightening credit requirements and job loss, people are still purchasing units in D.C. On June 20th, the Department organized and hosted an event around homeownership opportunities and foreclosure prevention. Homebuyers packed sessions on homebuying in the District, signaling a continued interest in investing in DC neighborhoods.

The Department has a long standing program serving roughly 500 households annually. The Home Purchase Assistance Program offers up to $40,000 in five year deferred loan funds on a sliding income scale for new homeowners up to 120% of the Area Median Income. In addition, District employees have additional benefits available. The HPAP loan is intended to fill the gap between what the buyer can afford and the cost of the home through downpayment assistance. All new home buyers through HPAP are required to go through homeownership counseling with one of the five Community-Based Organizations with which the Department has contracted to offer HUD-certified counseling services to consumers. Currently, the regulations do not allow these funds to work in combination with 203K loans from HUD.

Through NSP2 funds, DHCD proposes two primary changes to the existing HPAP in the targeted communities. First, to encourage households to purchase vacant and foreclosed properties in the targeted neighborhoods, DHCD will add up to $20,000 for households up to 120% of AMI on top of the existing HPAP benefit, resulting in up to $60,000 in downpayment and closing cost assistance. Additionally, understanding that rehabilitation is often a barrier in purchasing foreclosed homes, homebuyers in these communities only will be allowed to combine HPAP with a HUD 203K loan for repairs to these homes.

The Department examined the possibility of developing a similar rehabilitation loan product through NSP2 funds. However, while DHCD administers a single family rehabilitation program, it is not used for new homebuyers and primarily focuses on code violations for homes of aging householders. Using HUD's 203K Program will open up access to a long-standing program with a strong track record. Further, this short-term change in the program will allow the Department to determine if this should be a long term change as part of the District's overall effort to prevent vacancy in communities.

Through the additional $20,000, DHCD believes at least 150 homeowners can be added to the targeted communities to begin to restart the housing markets. By adding this to the existing HPAP, Employer Assisted Housing Program (EAHP) and the union-sponsored additional assistance, District Government employees will have the access to significant resources to encourage homeownership. Based on current capacity, DHCD can provide incentives to 150 households across the three target areas over the next three years of the available funding.

Through HPAP, the Department will build on the existing housing market and encourage the purchase by new residents of foreclosed and vacant units. Further, this will create the pipeline of buyers for the units developed through the multi-family development and single family redevelopment of vacant and foreclosed units.

Activity 4: Revolving Loan Fund for acquisition and construction for 100 units: $15 million
DHCD has a diverse housing market with a homeownership rate of only 44 percent across the District. With fewer than half the District's households owning homes, it is necessary to develop an approach that addresses the full spectrum of housing need to stabilize communities. Moreover, with the credit challenges for families resulting from individual foreclosures, many families will look to transition into a rental situation in either the short or long term to reestablish credit and reduce expenses. To address these broad concerns, the Department will develop an acquisition loan fund for the acquisition of multifamily buildings or multiple units of foreclosed and vacant properties to develop as affordable rental properties.

The Department has an existing program to acquire multifamily buildings of more than five units in the District. The Site Acquisition Funding Initiative was developed through a Request for Qualifications to determine qualified lenders. Currently, the SAFI lenders include Cornerstone, City First Homes, Enterprise Community Partners, and Open Door Housing. The District provides funding from the Housing Production Trust Fund. Those funds are then given to the banks to match and provide with expedited underwriting and approval to borrowers for acquisition.

Through the second round of NSP funds, the Department proposes to develop a similar revolving loan fund in partnership with banks, nonprofit lenders and intermediary lenders using the structure of the existing Site Acquisition Funding Initiative (SAFI). The new fund will be called the Property Acquisition and Construction Financing Initiative (PACFI). NSP funds through this fund could be more flexible and could stay in the deal to attract private financing or can be deferred for longer than the traditional SAFI funds.

DHCD has the following goals in the development of the Property Acquisition and Construction Financing Initiative:

- Acquisition of vacant and foreclosed properties in impacted communities;
- Rapid infusion of Federal stimulus dollars into District neighborhoods;
- Redevelopment of properties into affordable rental and homeownership options for District residents; and
- Neighborhood Stabilization in communities impacted by the effects of foreclosure and long term vacancy.

This new initiative will operate under the following rules.

- Eligible entities: nonprofit and for profit developers that qualify for funds with a goal of affordable housing development.
- Eligible buildings: multifamily buildings and groups of single family houses of four units or greater.
- Master loan amount: Up to $5 million per lender, depending on demand and lending track record.
- Form of leveraging: lenders may use the master loan to partially fund the lender's site acquisition/rehabilitation loans; or deposit DHCD funds into a partial guarantee fund for the acquisition/rehabilitation loans.
- Terms:
    - 0% Interest
    - Lender must provide loans on a blended rate basis to reflect the 0% master loan rate plus the spread permitted on DHCD funds.
    - DHCD's portion of the loan may be subordinated such that the DHCD loan is deferred for the term of the loan;
    - Lender must remain in the project for no less than five years;
    - All loans must be closed no later than December 31, 2012.
- Risk Sharing: DHCD will take the top 25% of the risk. Balance will be shared on a pro rata based on participation (less top loss).
- All applicants must complete basic DHCD application to ensure compliance with all Federal and District laws. DHCD will approve or disapprove its participation in loans within 10 days.

The development of a new revolving loan fund will allow the Department to meet the diversity of housing needs in the District. Moreover, it will give developers a resource to address vacant and foreclosed multi-family buildings such as HUD foreclosures, small multi family buildings, and groups of single-family units. Further, a new revolving loan fund will allow for a diversity of new residents in the targeted communities. This vehicle will also allow for a rapid use of funds and a high amount of leverage in communities.

Activity 5: Rehabilitation Financing for 375 units: $25 million
After discussions with lenders, one of the gaps in the ability to address issues in the community is rehabilitation financing. Banks are currently unwilling to lend at rates that will make many affordable housing projects work. Moreover, the District's primary source of rehabilitation funding, the Housing Production Trust Fund (HPTF) is supported through a portion of the deed and recordation tax from the housing market. The decline in home sales volume has resulted in a similar decline in revenues such that in FY2010, the Department anticipates total available funds from HPTF to be less then $12 million. Combined with an existing pipeline of committed projects, this means DHCD has few funds to rehabilitate projects in the target communities.

Therefore, the Department requests funds to support new projects in targeted areas eligible under NSP. The funds will be dispersed either through the revolving loan fund or through a rolling application process to reduce the time required for projects that are ready to proceed. Further, the funds will be loaned at a low interest rate and will provide gap financing. Typical DHCD per unit costs have been $51,000 based on the most recent 24 months of activity. The Department anticipates this continued per unit cost, and estimates that about 230 units can be developed in the next three years at a cost of $12 million. Given the demand for rehabilitation financing and also the existing pipeline of HUD foreclosures, the Department is confident that it can expend the funds within the required three years. The table below details eligible projects in the Department's pipeline, including total development cost, AMI targeting for units, and address.

Project Name	Neighborhood	Address	Costs		Unit Information			
			Total Development	DHCD Funding	less than 30% AMI	31%-50%	51%-60%	61%-80%
SOME - Good Hope	Anacostia	Good Hope Road SE	$4,383,694	$3,093,694	23	22	0	0
SOME - 50th Street NE	Deanwood	350 - 360 50th Street	$6,750,173	$4,230,654	37	36	0	0
Elizabeth Ministry (PFCHI) - (Phase II)	Deanwood	200-210 55th Street NE	$7,000,000	$2,593,014	25	0	0	2
Rosedale Townhomes	Ivy City	1700 Block of D Street NE	$8,875,664	$500,000	0	7	3	0
Fairlawn Estates	Anacostia	T Place SE	$10,450,000	$966,000	0	0	10	11
Bass Circle	Deanwood	4505 B Street SE	$18,500,000	$1,770,000	30	30	30	30
BCI-Dix Street - Phases I & II	Deanwood	5700 - 6000 Dix Street NE	$28,237,995	$8,800,000	31	31	42	0
W Street Condominiums	Anacostia	1751-1759 W Street SE	$3,911,575	$723,850	1	3	0	11
Total			**$88,109,101**	**$22,677,212**	**147**	**129**	**85**	**54**

By directing funds to the Development Finance Division, the Department hopes to assist with the rehabilitation of buildings that are vacant or foreclosed but that are already acquired through other financial means. Further, developers that have held onto properties without developing due to financial challenges will have the means to develop them into affordable housing with long term affordability restrictions. This funding will also help tenants who have buildings in foreclosure to purchase and develop their buildings into limited equity cooperatives, a significant source of long term affordable homeownership in the District. The Department is aware of several properties throughout the targeted geographies that will qualify for these funds. While those currently in the Department's pipeline that qualify for NSP2 funds will be addressed through these funds, the Department did not pre-select outside projects for this application.

B: Project Completion Schedule:

Because the activities in this application are existing programs, there will be very little preparation required. The programs will be part of an existing system of activities that will primarily require additional outreach and minimal additional process to implement.

Acquiring vacant property will require a ramping up of existing efforts in the targeted areas. Staff from PADD will begin assessing properties in the last quarter of calendar year 2009 to develop a firm list of properties for acquisition and rehabilitation. The Department will work with DCHA and ARI to develop plans and begin construction on properties already in the targeted areas and in the inventory. The goal will be to complete work the acquisition of 48 properties by the end of 2011 and complete the acquisition of all 96 properties by the end of 2012. Rehabilitation will begin with 39 units completed by the end of 2011 and the balance completed by the end of 2012. At a pace of roughly 10 to 12 units per phase, the Department will complete two phases annually.

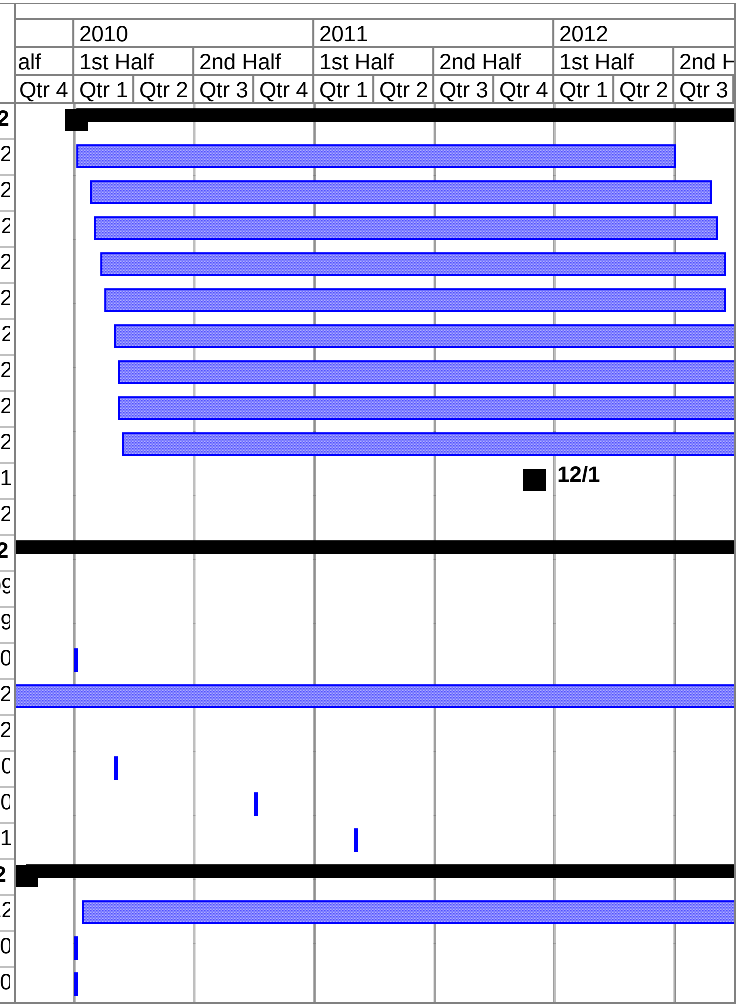
RCSD will work with the Department's network of Community-Based Organizations through trainings on the new programs and outreach at local events. The Department has a goal of awarding 50 loans through NSP funds annually.

The Department plans to issue a request for qualifications (RFQ) for lenders that will participate in a revolving loan fund in the fall of 2009, shortly after receiving notice of the NSP award. The Department will then work with the selected lenders to develop an MOU based on the terms specified in this application with a goal of transferring funds to the banks by February 1, 2010. Because loans typically close within one month of application, the Department expects rapid use of these funds.

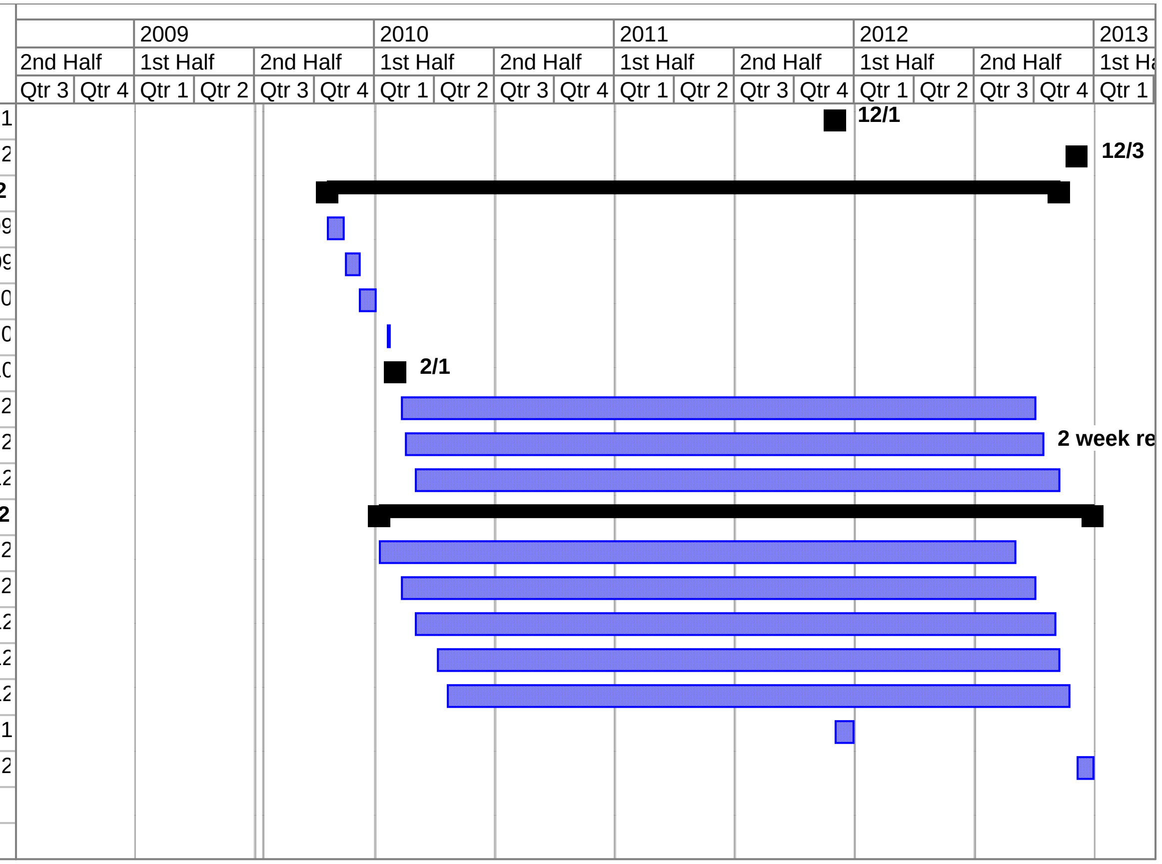
The final activity, development finance, will begin the application process in January of 2010. These applications will be accepted a rolling basis and scored on a set of criteria developed in the late fall of 2009. Priority for these funds will go to projects that are ready to proceed and provide a maximum impact on the targeted community. Due to accepted timeframes from previous requests for proposals, the Department will close the application round at the end of the 3rd quarter of 2012, or when the funds are exhausted. This is to allow for underwriting and closing by the end of 2012. It is anticipated that the Department will close on 150 units by the end of 2011 and complete the remaining 50 at the end of 2012.

B: Project Completion Schedule: All Activities

	Task Name	Start	Finish
	Acquisition of Property	**Mon 1/4/10**	**Fri 12/28/12**
	Investigate the property	Mon 1/4/10	Fri 6/29/12
	Check for citations and notices of violations	Mon 1/25/10	Fri 8/24/12
	Order title, skip trace, and appraisal reports	Mon 2/1/10	Mon 9/3/12
	Title Review by the Office of the Attorney General	Mon 2/8/10	Fri 9/14/12
	Send an offer letter to the owner of record	Mon 2/15/10	Fri 9/14/12
	Draft a purchase agreement	Mon 3/1/10	Mon 10/1/12
	Negotiate and execute the agreement	Mon 3/8/10	Fri 10/12/12
	Certification of good standing	Mon 3/8/10	Fri 10/12/12
	Closing and payment to developer or homeowner	Mon 3/15/10	Fri 11/2/12
	First 48 Units Acquired	Thu 12/1/11	Wed 12/28/11
	96 Total Units Acquired	Mon 12/3/12	Fri 12/28/12
	Turnkey Development Program	**Fri 5/15/09**	**Sun 12/30/12**
	The IDIQ Request for Proposals (RFP) was made available	Fri 5/15/09	Mon 6/15/09
	MOU with DCHA is executed June 30, 2009.	Tue 6/30/09	Tue 6/30/09
	Anticipated award date for the IDIQ contracts	Fri 1/1/10	Fri 1/1/10
	Construction under the IDIQ process and the DCHA MOU start	Wed 9/30/09	Sun 12/30/12
	First lottery for Units	Fri 12/28/12	Sun 12/30/12
	Completion of the first set of homes (13 Units)	Mon 3/1/10	Mon 3/1/10
	Completion of the second set of homes around (6 Units)	Thu 9/30/10	Thu 9/30/10
	Completion of the third Set of Homes (10 Units)	Tue 3/1/11	Tue 3/1/11
	Home Purchase Assistance	**Mon 10/19/09**	**Mon 12/31/12**
	Applications Made through the Greater Washington Urban League	Tue 1/12/10	Mon 12/31/12
	Applicants Receive Notices of Eligibility	Fri 1/1/10	Fri 1/1/10
	Applicants with NOE Search for Housing	Fri 1/1/10	Fri 1/1/10



	Task Name	Start	Finish
	Complete First 100 HPAP Plus Contracts	Thu 12/1/11	Wed 12/28/11
	Complete 150 Total HPAP Plus Contracts	Mon 12/3/12	Fri 12/28/12
	Acquisition Fund	**Mon 10/19/09**	**Mon 11/5/12**
	Issue Request for Qualifications	Mon 10/19/09	Fri 11/13/09
	Review Submissions from Lenders	Mon 11/16/09	Mon 12/7/09
	Develop MOU with Qualified Lenders	Mon 12/7/09	Fri 1/1/10
	Sign MOU	Tue 1/19/10	Tue 1/19/10
	Close with Qualified Lenders	Mon 2/1/10	Mon 2/1/10
	Developers Apply to Lenders	Mon 2/8/10	Fri 9/28/12
	DHCD Review of Applications	Mon 2/15/10	Fri 10/12/12
	Lenders Close with Developers	Mon 3/1/10	Mon 11/5/12
	Development Finance Division Financing	**Fri 1/8/10**	**Fri 12/28/12**
	Developers apply for Financing (rolling)	Fri 1/8/10	Fri 8/31/12
	Applications Reviewed and Scored by DHCD	Wed 2/10/10	Fri 9/28/12
	Underwriting	Mon 3/1/10	Mon 10/29/12
	Award Made to Successful Applicants	Mon 4/5/10	Mon 11/5/12
	Closing with Selected Developers	Mon 4/19/10	Mon 11/19/12
	250 Units Completed	Thu 12/1/11	Wed 12/28/11
	375 Units Completed	Mon 12/3/12	Fri 12/28/12



c. Income Targeting

- *Acquisition and Disposition*

The homes will be offered for sale through a lottery for Notice of Eligibility holders in the Housing Purchase Assistance Program (HPAP) and Employee Assistance Housing Program (EAHP), which targets affordable (80% AMI and below) and workforce (80-120% AMI) households.

- *Turnkey Development*

After the buildings are complete, the homes will be offered for sale through a lottery for Notice of Eligibility holders in the Housing Purchase Assistance Program (HPAP) and Employee Assistance Housing Program (EAHP), which targets affordable (80% AMI and below) and workforce (80-120% AMI) households. Over the course of the next 4 years of the IDIQ contract (FY2009 – FY2012), PADD will target the completion of 78 new units of affordable and workforce housing.

- *Home Purchase Assistance*

The Home Purchase Assistance Program offers up to $40,000 in five year deferred loan funds on a sliding income scale for new homeowners up to 120% of the Area Median Income. Typically, the median income of buyers is between $49,000 and $51,000 annually, slightly less than 50 percent of the Area Median Income. Based on the current cost of homes in the targeted communities, the Department anticipates that this will continue through NSP2 funds.

- *Acquisition Fund*

These funds will target households at or below 80 percent of the Area Median Income. Specifically, across the portfolio, the Department will follow Housing Production Trust Fund regulation requiring that 40 percent of all projects be targeted to 0 to 30 percent of AMI; 40 percent targeted to 31 to 50 percent of AMI; and 20 percent targeted to 50 to 80 percent of AMI.

- *Multifamily Financing*

These funds will target households at or below 80 percent of the Area Median Income. Specifically, across the entire portfolio, the Department will follow Housing Production Trust Fund regulation requiring that 40 percent of all projects be targeted to 0 to 30 percent of AMI; 40 percent targeted to 31 to 50 percent of AMI; and 20 percent targeted to 50 to 80 percent of AMI. The pipeline of projects eligible for NSP2 funds shows almost 70 percent at 50 percent or less of AMI.

d. Continued Affordability

- *Acquisition and Disposition*

All affordable units must be maintained as affordable for 15 years as enforced by a recorded covenant on the property. In addition, HPAP loan recipients must remain in the home as a primary residence. In the event of a sale, the homeowner must sell it to households at or below 120 percent of the AMI.

- *Turnkey Development*

All affordable units must be maintained as affordable for 15 years as enforced by a recorded covenant on the property. Further, the original HPAP buyer would be required to remain in the unit as a primary residence or repay the HPAP loan in full.

- *Home Purchase Assistance*

Because the subsidy is for the buyer, there are no affordability restrictions of homes purchased through HPAP loans on the private market, but homebuyers are required to use the home as a primary residence. All funds must be repaid in the event that the unit is no longer the primary residence.

- *Acquisition Fund*

These funds will adhere to the existing rules of the Department's Housing Production Trust Fund, which require a 40 year affordability covenant on the property to ensure maximum affordability preservation for rental properties

- *Multifamily Financing*

These funds will adhere to the existing rules of the Department's Housing Production Trust Fund, which require a 40 year affordability covenant on the property to ensure maximum affordability preservation for rental properties.

e. Consultation, outreach, communication

1. Describe how you have consulted with units of local government and states with jurisdiction over your target geography, especially those that received NSP1 funding, in developing your proposal and how you will continue to consult during program implementation if you are funded.

While the District is under no other jurisdiction, DHCD has consulted with surrounding jurisdictions who will apply for NSP2 funds and with those funded under NSP1 through the Washington Area Council of Governments. The Department has also been in constant consultation with agencies both inside and outside the Government. The Department held initial meetings with lenders and interagency partners to determine appropriate approaches. In addition, the Department has consulted with the Urban Institute on data supporting the targeted geography since April of 2009.

2. Describe your proposed outreach and affirmative marketing actions and how you will ensure that you have qualified families available as NSP2-assisted units become available.

Recognizing the inherent challenge in building units but having no pipeline of homebuyers, the Department linked HPAP to the acquisition and rehabilitation programs by marketing the units to HPAP eligible clients. This will allow the Department to work through community-based organizations to find eligible clients. Further, all rental and for-sale units built through District financing and are affordable are required to list their units at www.dchousingsearch.org, an interactive online database in English and Spanish of affordable and available units developed by SocialServe.com. This site is targeted at units for households below 120 percent of Area Median Income.

3. Describe how you will continually communicate program design, progress, opportunities and results; process any complaints in a timely manor (respond within 15 days, if feasible); and ensure that local citizens and other interested parties are informed about program policies.

The Department will communicate primarily through the Department's website (www.dhcd.dc.gov) and through the District's recovery website (www.recovery.dc.gov). For any solicitations, the Department will also communicate through the DC Register. The Department is required to post all policy changes, solicitations, and rule making in the Register. The Department also has a wide list-serv that allows for rapid distribution through its network of community organizations, elected officials, housing developers, trade organizations and advocacy groups. Moreover, the District has a policy in place that requires all official correspondence receive a response within ten business days, and all calls and emails must receive a response within one business day. Mozella Boyd, the Department's Correspondence

Coordinator will continue to receive and direct all in-coming complaints, comments and suggestions. Finally, the Department will publish program details, including funding requested, total number of units, and targeted areas in the Washington Times as a public notice.

f. Performance and Monitoring

DHCD-Office of Program Monitoring staff performing monitoring reviews will evaluate the progress of each sub-recipient organization and its NSP-funded activities to determine whether or not the activities of the sub-recipient are in compliance with all applicable federal statutes and regulations and according to all deadlines and requirements. DHCD-OPM will adopt a monitoring strategy that includes both on-site and off-site monitoring to track the progress of each project and compliance with NSP program requirements.

DHCD will remain in compliance with the Recovery Act's accountability and transparency requirements through multiple existing and new processes established by the Office of the City Administrator and Office of the Chief Financial Officer that will remain in place for the duration of the NSP2 grant. DHCD will develop an Internal Control Checklist specifically tailored to meet the NSP program requirements. The checklist will cover the following control areas:

- Program Management/Operations
- Accounting Procedures and Internal Controls
- Personnel and Payroll
- Procurement
- Legal Consultants/Contract Services
- Travel
- Control over Cash Disbursement
- Control over cash Receipt
- Reconciliation Procedures
- Segregation of Duties
- Petty Cash Controls

DHCD will assign a Compliance Specialist, from the Office of Program Monitoring, and Internal Auditor, from the Office of the Comptroller to perform at least yearly an on-site monitoring of the program and will provide feedback to program managers and to those who hold them accountable. Additionally, the Internal Audit Division of DHCD will perform Desk Review of all Financial Reports submitted by grantees to ensure that the reports comply with all applicable laws and regulations, and findings if any, are corrected timely.

The Mayor has also announced his attention to incorporate agencies' stimulus performance into his regular Capital Statistics (CapStat) sessions. CapStat is a performance-based accountability program that uniquely identifies opportunities to make District government run more efficiently, while providing a higher quality of service to its residents. The program is modeled after Baltimore's CitiStat but is tailored to the needs of the District of Columbia.

For all stimulus funds, the City Administrator has established a workgroup structure for closely coordinating and managing the implementation of all stimulus activities. Through weekly conference calls with the leads of each workgroup, the City Administrator and staff closely track all stimulus activities by agencies under the Mayor's authority and this information is maintained in an easy-to-use and regularly updated recovery.dc.gov website. The website went live on

March 2, 2009, and was one of the first 15 states to go live with a designated website for regularly-updated Recovery Act information. This website serves as the primary District channel to inform the public of Recovery Act news and information. Residents are also encouraged to sign up for email updates on the Recovery Act website and to report waste, fraud, and abuse via the website.

The DHCD director is the lead of the Housing Workgroup, responsible for overseeing all housing-related stimulus activities and serving as the liaison with DC's other housing agencies that are receiving stimulus funds including the District of Columbia Housing Authority (DCHA) and the District of Columbia Housing Finance Agency (DCHFA). Further description of the management structure is also available on the District's Recovery Act website. For maximum accountability and transparency, the DHCD director's contact information is published on DC's Recovery Act website. Comments and questions can also be directed to a special housing.recovery@dc.gov email account, which is published on the main Recovery Act site as well as DHCD's website and is checked daily. A special section of DHCD's website is dedicated to Recovery Act information on housing activities and can accessed directly from the main page by clicking on the link for Housing Recovery. All drafts for public comment and all final plans and reports will be posted on this page.

The Stimulus Accountability Act of 2009 enacted by the Council of the District of Columbia requires that all DC government agencies and community-based organizations that manage Recovery Act activities to post job openings created by ARRA-funded state contracts on the District's Department of Employment Service's on-line One-Stop Career Center system, www.dcnetworks.org. DHCD will include in all contracts and grant agreements funded, in whole or in part, by the Recovery Act, for which the invitations for bids or other solicitations for bids are published on or after February 17, 2009, a clause requiring contractors and subcontractors to post this job information.

Additionally, the City Administrator's office has established an internal Google Site to monitor, manage and coordinate activities across District of Columbia government agencies related to getting and using funds from the Recovery Act. The website includes a master calendar of key dates, an inventory of all grants and progress reports, links to key websites, a tracking spreadsheet of all grant funds, notes from meetings, policies and guidance from the US Office of Management and Budget, the US Government Accountability Office (GAO), and Congress, and internal DC government guidance, as well as important workgroup materials. Further, the District was selected as one of 17 states to participate in an audit of Recovery Act performance. All materials related to the GAO audit will be publicly available on the Recovery Act website and all working documents shared on the Google Site.

A memorandum from the City Administrator to agency directors dated May 15, 2009, set forth the financial management procedures for implementation of Recovery Act funds covering such topics as OCFO notification (agencies are required to report receipt of any ARRA grant notifications to the Budget Planning team within the Office of the Chief Financial Officer (OCFO) within 72 hours); tagging funds; separate accounting codes; and revenue cash receipts.

The OCFO has established a coding structure in the District's accounting system specifically for Recovery Act funds. Separate accounting codes have been established for State Stabilization, Grants, Unemployment Compensation, Medicaid, and Capital stimulus funds. Agencies must record the stimulus funds separately in the accounting system using these codes. The OCFO has also set up a separate bank account for Recovery Act funding. The agencies will be notified on a daily basis (via email) by OCFO Office of Finance and Treasury (OFT) when Recovery Act funds are received in said bank account. In turn, the Department must submit a revenue cash receipt to OCFO/OFT within 24 hours to record the Recovery Act funds in District's accounting system.

Similarly, a memorandum from the City Administrator to agency directors dated May 19, 2009 set forth the contract management procedures for implementation of Recovery Act funds. DHCD's project financing division does not utilize the services of the District's central Office of Contracting and Procurement (OCP), however OCP's guidance to District agencies includes notification requirements, how to clearly tag any new solicitations, bids or contracts that use Recovery Act funds. It also includes steps for meeting the Recovery Act's unique reporting requirements. Agencies spending Recovery Act funds are required by the law to regularly report several pieces of data not typically required by government contracting – e.g., the number of jobs created by the work in the contract. To implement that reporting, agencies have been instructed to include specific requirements in any contract using Recovery Act funds to complete this reporting in a reliable and timely manner.

As demonstration on how the District is meeting the accountability and transparency requirements of the Recovery Act, on March 17, 2009, OCP held an interagency coordination meeting to introduce its Stimulus Team to agency representatives. The OCP Stimulus Team has four core functions:

- Transparency – Publicize the services and goods solicited and procured;
- Accountability – Provide adequate information to allow visitors to evaluate progress and supply feedback;
- Facilitation – Manage the overall procurement activities; and
- Education - Explain the who, how, what, and why of the American Recovery and Reinvestment Act (ARRA).

OCP's homepage links to a micro-site that the agency launched specifically for Recovery Act activities. It also links to the eProcurement page which lists District solicitations for business opportunities. The OCP Stimulus Team held a Roundtable for DC businesses on April 2, 2009 on stimulus funding opportunities and posted the video of the meeting online for vendors that missed it. Additionally, the District's Chief Procurement Officer testified before Congress on March 19, 2009 on preparations for stimulus contracting opportunities in DC.

Further, once funds are received, DHCD's Office of Program Monitoring will assume responsibility for ensuring compliance with the requirements of the NSP2 grant. OPM staff possesses the IDIS expertise to conduct all data entry into the IDIS system and report quarterly in a format and time that is prescribed by HUD. All quarterly reports will be posted on DHCD's website for full public disclosure of progress made with the NSP2 funding.

Similarly, OPM is already responsible for maintaining the same expectation level of accountability, transparency, and reporting requirements under the Neighborhood Stabilization Program (NSP) and Homelessness Prevention and Rapid Re-Housing Program (HPRP). As with DHCD's other federal grant programs, HUD staff, Office of the Inspector General (OIG) staff (if applicable), and staff of the Government Accountability Office will have full access to all information and files related to the award and use of NSP2 funds for monitoring purposes.

Rating Factor 4: Leveraging other funds, or removal of substantial negative effects

The program where funding is currently firmly committed is in the acquisition and rehabilitation through the Property Acquisition and Disposition Division. The Department has committed $2.5 million annually in local funds to the acquisition of vacant and foreclosed property. This creates a leverage ratio of .63. The Department also has committed $8.75 million over three years, or about $2.91 million annually, for the rehabilitation of vacant and foreclosed property. This creates a leverage of 1.25 percent.

As a gap financer, the Department will only fund a portion of any acquisition or rehabilitation. Because there are currently no projects in the planning stages for the purposes of this application, the DFD financing and acquisition fund leverage is not confirmed. The leverage on DFD projects over the past 24 months has been $2.68 in outside financing for every $1 of local and Federal subsidy. The Department's role as a gap financer will not change with the addition of this new funding source.

Removal of Substantial Negative Effects:

Through the activities in PADD, the Department proposes to directly acquire and rehabilitate 96 identified properties or 200 units through the revolving loan fund or Development finance Division Funds. The acquired properties will be rehabilitated through either the Turnkey Program or through private developers. This translates to the following:

Community	Acquisition	Acquisition and Rehab through DFD*	Total Vacant Properties**	Total Score
Anacostia	32 Units	50 Units	106	1.2
Deanwood	32 Units	100 Units	232	.85
Trinidad	32 Units	150 Units	282	.98
Total	**96 Units**	**300 Units**	**618**	**.96**

**These are approximate numbers based on existing knowledge of vacant property stock*
***May include multiple units depending on building type.*

Of the vacant properties in May, 25 percent, 29.6 percent, and 18.1 percent were multifamily buildings in Anacostia, Trinidad and Deanwood, respectively. Therefore the actual impact may be slightly diminished when all units are accounted for.

Rating Factor 5: Energy efficiency improvement and sustainable development factors

a. Transit Access

All three of the targeted areas are connected by Metro Rail and multiple bus lines. Most of these bus lines bring commuters to either the City center or to a Metro Rail station from which they can easily access employment, shopping and other amenities. Anacostia is connected via the

Green line at the Anacostia Metro stop, which is 6 blocks from the downtown area of Historic Anacostia. In addition, the neighborhood is connected with 9 bus lines that run through the community at frequent intervals. Deanwood is also connected to transit via Metro Rail at Minnesota Avenue and Benning Road, both on the Orange Line. Eight bus lines serve the neighborhood. Trinidad Ivy City has two Metro Rail stops in the neighborhood, New York Avenue and Rhode Island Avenue. Both stops are on the Red Line. These are supplemented with six bus lines that service the community. The table below illustrates the bus lines and intervals by neighborhood.

Bus Lines Serving the Target Communities		
Community	**Bus Line**	**Peak Interval**
Anacostia	94	12 Minutes
Anacostia	B2	10 Minutes
Anacostia	A42, A46, A48	30 Minutes
Anacostia/Trinidad	P1, P2, P6	20 Minutes
Anacostia/Deanwood	U2	30 Minutes
Anacostia	W2, W3, W6, W8	32 Minutes
Deanwood/Anacostia	U8	10 Minutes
Deanwood	U4	15 Minutes
Deanwood/Anacostia	W4	10 Minutes
Deanwood	V7,V8, V9	14 Minutes
Deanwood	U5, U6	17 Minutes
Deanwood/Trinidad	X1, X3	6 Minutes
Trinidad/Deanwood	X2	7 Minutes
Trinidad	X8	14 Minutes
Trinidad/Anacostia	90, 92, 93	8 Minutes
Trinidad	D1, D3	20 Minutes
Trinidad	D4	15 Minutes
Trinidad	D8	12 Minutes

Source: Washington Metro Area Transit Authority: www.wmata.com

b. Green Building:

In 2006, the District of Columbia City Council passed the Green Building Act of 2006. Broadly, it phases in appropriate green design building standards for both residential and non-residential buildings beginning with public and publicly financed buildings in FY08 and FY09, respectively. Specifically, it required that all construction funded 15 percent or more by District funds be LEED or Green Communities Certified by 2008. The Department took the lead and has required Green Communities adherence since 2007, when it was added to the DFD and PADD Requests for Proposals as a threshold requirement.

The Department has successfully implemented five RFPs with the Green Communities requirement, and developers in the District have become more familiar with the process, including the integrated design charrette, which requires all members of the development team to work on the front end to determine green features.

e. Other Sustainable Practices: NCRC Green PRINT Model:
The GreenPRINT process will create economically vibrant, socially inviting, and visually attractive communities. It will enhance the value of the properties the city will acquire and bolster the housing program's efforts to encourage residential rehabilitation and foster new homeownership for low- and moderate-income families. This comprehensive strategy will begin to address the significant impact that long term high rates of unemployment, disinvestment, and property vacancies have had on the Trinidad/Ivy City, Anacostia, and Deanwood neighborhoods. The GreenPRINT model is designed to be replicable across the country to revitalize distressed neighborhoods and create sustainable, green communities.

Through community charettes, meetings, and focus groups, the GreenPRINT will engage local residents, non-profits, business leaders, political leaders, and others in an exploration of how to enhance opportunities for existing residents and encourage investment and private market activity. Ultimately, this process will result in a community-driven plan that addresses current needs and plans for a more inclusive and robust future for the current residents. The GreenPRINT will identify the communities' financial, physical, and human resource assets, expand the capacity of existing community organizations to carry out redevelopment efforts, and create an action plan that will identify opportunities to leverage these assets and maximize the impact of the investment in the communities' housing stock.[27]

Specifically, the planning process will:

1. Promote resident housing stability by empowering residents to enhance their economic mobility by capitalizing on their existing financial and housing resources. This crucial first step will ensure that existing residents have the tools and ability to participate in and benefit from the redevelopment efforts.
2. Re-package existing undervalued assets into investment-grade assets in order to encourage investment in a way that preserves and enhances current community culture.[28]
3. Explore future housing options for vacant and abandoned properties to ensure the city's on-going investment in housing continues and addresses future needs.
4. Identify green opportunities as a means to promote long-term affordability and create healthier communities. The community will explore topics including green building techniques, green jobs and businesses, green infrastructure, parks, and community gardens.
5. Explore potential use of innovative financial tools to enhance the housing program, initiate other neighborhood improvements, and catalyze private investment.
6. Identify and enhance human and social capital assets that can be empowered to work together to implement the communities' vision.
7. Design value-recapture mechanisms to capture individual and community wealth and ensure existing residents benefit directly from increases in property values and business profits that result from the redevelopment efforts.[29]

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[27] For more information on how the GreenPRINT model will comprehensively address the long-term impact of foreclosures and vacant properties, see the forthcoming paper Carr, Jim H., Patrice Davenport, and Michelle Mulcahy. *Preservation, Revitalization, and Investment for Neighborhoods in Transition: A GreenPRINT Approach for Sustainable Place-based Community Reinvestment*.

[28] For more information on how a community can encourage economic development by protecting and promoting existent vernacular culture, see Carr, Jim H. and Lisa J. Servon. *Vernacular Culture and Urban Economic Development*. Journal of the American Planning Association, Vol 75(1), Winter 2009.

8. Create a marketing plan that uses proactive marketing tools to stimulate private investment based on the community's vision.

NCRC's community planning staff will leverage our partnerships with non-profit organizations, businesses, municipal partners and our member organizations to identify strategies that will implement innovative sustainable redevelopment solutions to these neighborhoods. NCRC's partners will bring to the table their collected experiences in planning, green building, economic development, urban design, and real estate services, which will enable the GreenPRINT to develop comprehensive revitalization plans for the target neighborhoods.

Rating Factor 6: Neighborhood transformation and economic opportunity

Trinidad/Ivy City

In all three communities, the activities under this grant are consistent with the Comprehensive Strategy Task Force goals developed in 2006 through partnerships with the District, the Brookings Institution, the Urban Institute, and nonprofit and for profit partner in the city. These goals include attracting new residents; preserving and increasing high quality housing for owners and renters; and directing public and private funds toward developing attractive mixed-income neighborhoods in all parts of the city. Through NSP2 funds, the Department can further the goals developed in 2006 and make a concerted effort to revitalize neighborhoods in a socially and environmentally sustainable way[30]. However, more specifics regarding area plans are stated below.

1. Certify that the proposed NSP activities are part of or consistent with established plans.
This work in Trinidad will support three current community development initiatives in the District. First, the DC Office of Planning (DCOP) has identified New York Avenue as a Green Corridor where various agencies can build on the industrial zoning and buildings of the community to build a regional green jobs center. To that end, DCOP and the Department have applied for technical assistance grants to determine best uses for various sites such as Crummell School, a long-vacant school building in Ivy City that will provide a solid anchor building in the community with the potential for a mixed use green business incubator and affordable housing building.

Moreover, the community's Small Area Plan made recommendations that will be carried out through this application, including:

- Protect and strengthen affordable housing;
- Diversify and expand housing choices to attract residents of all income levels to help replace lost population base and retain the community's professional and middle-income base;
- Protect affordable rental housing; and
- Encourage more homeownership by encouraging the rehabilitation of vacant housing.[31]

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[29] For more information on value recapture mechanisms, see Glover Blackwell, Angela and Heather McCulloch. *Resident Ownership Mechanisms: Low-Income Neighborhoods take Control*. Fannie Mae Foundation, Spring 2002.
[30] Homes for an Inclusive City: A Comprehensive Housing Strategy for Washington, DC. (http://www.brookings.edu/reports/2006/04cities.aspx) The Brookings Institution: June 13, 2006.
[31] http://www.planning.dc.gov/planning/cwp/view,a,1285,q,571098,planningNav,|32341|.asp

Second, the Southern boundary of this area borders the H Street NE corridor, a growing economic development area with restaurants and theater activities. This economic development has increased foot traffic and police presence, and created jobs in the community. In addition, this has reduced the number of commercial vacancies in the community and improved the number of amenities that can attract new residents into the community. This community is also in process of building the infrastructure for a street car line that will connect Union Station at one end of H Street with the Minnesota Avenue Metro Station.

Finally, the Department has already invested in the community through the first NSP grant through the Ivy City Special Demonstration Project. The Department acquired 37 properties through PADD to develop 58 affordable units in the neighborhood. The Department will use $2.8 million in NSP funds and leveraged more than $13 million in other sources, including Federal and local funds, as well as the value of land disposed of by the Department to the four developers working on this project.

2. Describe how the proposed NSP2 activities relate to and increase the effectiveness of the established plans.

Targeting this community for NSP II funds will support the work that moved the community forward while the economy was strong and help preserve the gains made in between 2003 and 2007. Finally, it will stabilize a neighborhood that has experienced long term decline and disinvestment.

Deanwood

1. Certify that the proposed NSP activities are part of or consistent with established plans.

Within the DCOP Neighborhood Investment Fund plan for Deanwood in 2008[32], the efforts of the NSP2 application support investment goals 1 and 2:

- Create new affordable homeownership and rental housing in the target area; and
- Preserve existing affordable rental and homeownership units using a combination of financial incentives, education and code enforcement.

Additionally, the Deanwood Small Area Plan of 2009 recommended that DHCD:

- Provide financial resources that aid in the preservation and renovation of rental housing;
- Develop strategies that mitigate the environmental, economic and social impacts of buildings so they are energy efficient, sustainable, safe, cost-effective, accessible, health and productive.[33]

2. Describe how the proposed NSP2 activities relate to and increase the effectiveness of the established plans.

The Department's efforts through NSP2 of acquiring vacant housing for redevelopment as affordable units while using homeownership incentives to encourage new homeowners will support the on-going goals of the community. Further, it will build on existing efforts such as the Deanwood Recreation Center, a LEED Silver Public Library and Recreation Center planned for completion in the summer of 2010 [34]. Moreover, DMPED plans to provide CDBG funds to the Washington Metropolitan CDC/ Holy Christian House of Praise for the construction of the

[32] http://www.planning.dc.gov/planning/frames.asp?doc=/planning/lib/planning/web_uploads_10.9.08/deanwood/deanwood-deanwood_heights_nif_final_plan.pdf

[33] http://www.planning.dc.gov/planning/cwp/view,a,1285,q,571098,planningNav,|32341|.asp

[34] http://dcbiz.dc.gov/dmped/cwp/view,A,1365,Q,609388.asp

Strand Theater. The project will consist of the development of retail shops, restaurants; affordable office space and cultural arts space. This will provide increase amenities to the community and provide the commercial backstop for the stabilization through housing.

Anacostia

1. Certify that the proposed NSP activities are part of or consistent with established plans.
A Market Study done through the Office of Planning found a "substantial unmet demand for housing…in Ancostia."[35] Through NSP2 funds, DHCD hopes to spur increased development of affordable housing options in the community. Further, this effort is in line with the area plan goals for the community, including:

- Utilize Site Acquisition Funding Initiative to secure affordable housing opportunities near key redevelopment sites;
- Explore opportunities for grants or loans to residents and property owners to restore historic homes block by block along primary residential corridors; and
- Rehabilitate historic homes and occupy them with homeowners.

In addition, the activities of NSP2 in Anacostia will build on three key developments in the community. First, the recent move of the Department to the Anacostia Gateway development at Good Hope Road, SE and Martin Luther King, Jr. Avenue SE has both filled in a vacant building and increased foot traffic in the community[36]. It is anticipated that this will provide an additional government anchor to the main street to complement the existing government buildings on Martin Luther King, Jr. Avenue. Further, with the addition of street level space in the building, which includes Industrial Bank, a District-based bank and the Department's Housing Resource Center, a one-stop shop for housing assistance, the Department believes there will be increased resources for those who want to purchase homes in the community.

Second, the Office of Planning has already awarded $900,000 in Historic Preservation grants to homeowners in Historic Anacostia for façade improvements such as windows, paint, and other street level historic renovations in FY2009.

Finally, the Deputy Mayor's Office, in partnership with two private developers will redevelop the Skyland shopping center at Alabama Avenue and Good Hope Road. The plans include 320,000 feet of retail space and 420 to 470 units of housing, roughly 80 percent of the units will be condominiums and 20 percent will be rental units. The project has more than $70 million in public funds committed, including $36 million in CDBG[37].

2. Describe how the proposed NSP2 activities relate to and increase the effectiveness of the established plans.
In combination with the existing efforts in this long-challenged East of the River community, the Department hopes to use NSP2 funds to support the redevelopment of vacant and abandoned buildings, increase affordable homeownership, and support the community as it grows to maintain mixed income housing as part of an inclusive neighborhood.

[35] http://www.planning.dc.gov/planning/frames.asp?doc=/planning/lib/planning/project/anacostia_waterfront/081704_transit_area/anacostia_complete_market_assessment.pdf
[36] http://dcbiz.dc.gov/dmped/cwp/view,A,1365,Q,606035.asp
[37] http://dcbiz.dc.gov/dmped/cwp/view,A,1365,Q,606077.asp