

# ***Our People, Our Portfolio, Our Plan***

***District of Columbia Housing Authority***

***20-Year Transformation Plan***

**Public Comment Version**

**08/28/19**

Table of Contents

LETTER FROM THE EXECUTIVE DIRECTOR ..... 3

EXECUTIVE SUMMARY..... 6

INTRODUCTION...FRAMING THE CHALLENGE ..... 8

PORTFOLIO STABILIZATION STRATEGY ..... 17

TRANSFORMATION CAPACITY BUILDING ..... 97

COMMUNITY ENGAGEMENT ..... 101

HUMAN CAPITAL ..... 109

GLOSSARY OF TERMS..... 119

SNAPSHOT OF DCHA PARTNERSHIPS WITH LOCAL SERVICE PROVIDERS..... 128

DCHA EXISTING DEVELOPMENT PIPELINE ..... 132



## LETTER FROM THE EXECUTIVE DIRECTOR



## Letter from the Executive Director



Dear Neighbors,

Never in the 20-year history of the District of Columbia Housing Authority (DCHA) has its basic charge of providing decent, safe affordable housing been more critical to the life and health of a vibrant District of Columbia--and never has that mission been more in peril. While I take great pride in the efforts and dedication of DCHA's staff and their daily work to build, maintain and operate stable, livable communities to help residents navigate the challenges of their daily lives, I also acknowledge that many of our properties are crumbling beyond repair. In 2018, the Agency's Board of Commissioners made its intent to fix these issues very clear, so my team and I undertook a comprehensive review of the agency's real estate portfolio. I announced in Fall 2018 that significant portions of DCHA's public housing portfolio have deteriorated to such a condition as to be potentially uninhabitable, or threatening to the health and safety of our residents without urgent action. In the face of this crisis and challenge to our reason for being, we launch *"Our People, Our Portfolio, Our Plan— DCHA's 20-Year Transformation Plan."*

In many respects neither the challenge we now face, nor the path that led DCHA to this moment, is unique. Like many of the nation's public housing authorities, DCHA operates in an environment in which the political will to prioritize housing some of the most vulnerable citizens has evaporated. Daily, we confront the impact of decades of declining federal capital and operating funding, and while local funding efforts are welcomed, they are inadequate to fill the gap. The deterioration of public housing stock across the country is accelerating simultaneously with the U.S. Department of Housing and Urban Development (HUD)'s announcement that it has no funding response to address long deferred maintenance. Like its counterparts, DCHA must engage private resources and capital to fill this gap. We are facing this challenge head on not only to mitigate the negative impact of these unacceptable conditions on the residents, but to ensure that our solutions do not add further trauma to these families by trampling on their dignity and their rights. While there is little comfort in all that we find in common with our counterparts, we are grateful for the assets that are unique to our community. First, Mayor Muriel Bowser and the Council of the District of Columbia who time and time again show their unwavering commitment to addressing needs in the housing market and preserving, protecting, and creating safe, quality affordable housing for District residents. Second, we have resilient and engaged residents whose capacity to achieve better lives fuels and inspires our work, as well as the concerned community stakeholders and neighbors whose voices join with our customers. Finally, we have our portfolio itself which will help provide resources for our transformation.



In the pages that follow, we have charted a roadmap for the transformation of DCHA’s public housing stock, and for DCHA as an agency itself. Our overarching goals are: (1) to move all of our residents living in unsafe and unhealthy conditions to quality housing as quickly as possible; (2) to be steadfastly transparent; (3) to revitalize our communities so that they are stable, healthy and offer educational, employment and economic opportunity; and (4) to establish DCHA as a capable mission driven entity that can implement our objectives.

The first phase of *Our People, Our Portfolio, Our Plan—DCHA’s 20-Year Transformation Plan* and the central focus of this document will be our intent to address the 14 properties, containing approximately 2,610 units, which we have determined to be in need of extremely urgent action based on a comprehensive assessment undertaken over the last 16 months. My team and I believe this initial phase outlines the most critical priorities for DCHA, and how we will begin to approach delivering on our most basic obligation to our residents. I believe we have a moral imperative to fulfill this obligation.

As we execute this plan, we remain committed to transparency and broad civic engagement. Most importantly, my team and I are committed to ensuring that our residents live in safe, clean and affordable housing—a foundation on which to build stable and healthy lives, and a launch pad from which they might lift themselves and their families—places where we would want our families to live.

Best regards,

[INSERT SIGNATURE]

Tyrone Garrett

Executive Director

District of Columbia Housing Authority



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## EXECUTIVE SUMMARY



## EXECUTIVE SUMMARY

The following document - *Our People Our Plan Our Portfolio – DCHA’s 20-Year Transformation Plan* details the first phase of the agency’s strategic direction over the next two decades to stabilize its entire public housing portfolio. To do this, DCHA seeks to operationalize three central strategic goals:

- Goal #1: Overhaul our portfolio to ensure that every resident has a clean and safe place to live
- Goal #2: Operate as a high-performing organization
- Goal #3: Operate as an efficient and effective landlord

In reaching these goals, DCHA will adhere to the following values:

- Ensuring residents live in safe, clean and affordable housing
- Ensuring to the maximum extent possible the dignity and quality of life of every DCHA resident and guaranteeing resident participant rights
- Providing good stewardship of available funds to maximize affordable housing opportunities for the most vulnerable
- Serving as many households as possible, especially those at 30% of area median income (AMI) or below
- Preserving long-term affordability of housing in the District through a sustainable and transformed DCHA

The first phase of this plan is to address conditions across 14 properties containing 2,610 public housing units most urgently in need of work to ensure the health and safety of residents, and the long term viability of those housing units.

In particular, the Portfolio Stabilization Strategy section of this document outlines DCHA’s Early Action Strategy, which comprises stabilization of four of the properties containing 463 units, and initiating the process of comprehensive modernization and/or redevelopment of the remaining 10 properties through a Long-term Strategy.

Critical to the first phase is to place residents in improved living conditions than they currently live. This will require some short- and long-term relocation. While the Early Action Strategy will stabilize four of the 14 properties, the remaining ten properties have physical conditions and deteriorating infrastructure that is so severe, long-term relocation will be required as a first step while DCHA plans for comprehensive modernization and/or redevelopment of these sites. This long-term relocations will be facilitated by the use of tenant protection vouchers issued by HUD.

The plan document is organized as follows:

- I. Introduction—Framing the Challenge
- II. Portfolio Stabilization Plan (Phase 1)
- III. Community Engagement
- IV. Human Capital

Finally, this plan will describe future phases of DCHA’s transformation, including plans to enhance DCHA’s capacities to develop and operate a repositioned portfolio, administer housing assistance, and to support residents and Housing Choice Voucher Program participants on an ongoing basis.



## INTRODUCTION...FRAMING THE CHALLENGE



## INTRODUCTION

### The Challenge

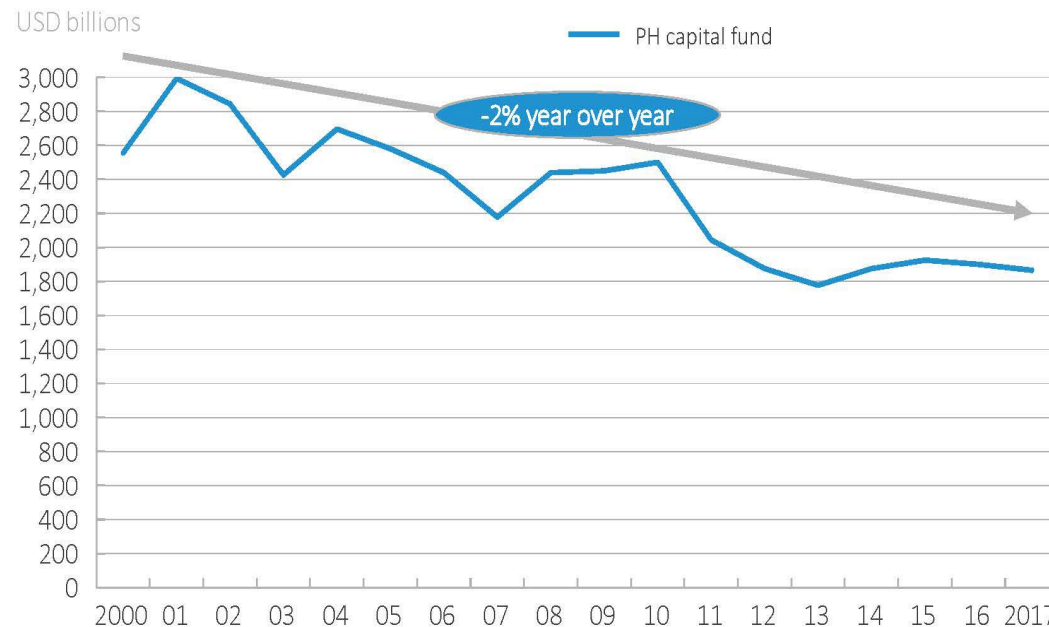
DCHA is faced with a dilemma— its public housing stock is in a state of serious disrepair, challenging our ability to fulfill our commitment to our residents and

embody our values as an Agency. At the same time, DCHA is not alone in facing this dilemma. At the Federal level, HUD has reduced capital funding to the nation's public housing authorities by an average of 2% per year since the year 2000. This reduction has been in real dollars not accounting for inflation, making the extent of the reduction even more severe.

## Capital funding from HUD has declined nationally and is expected to continue to decline

National HUD public housing capital fund

\$, Billions



SOURCE: HUD budgets from 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017

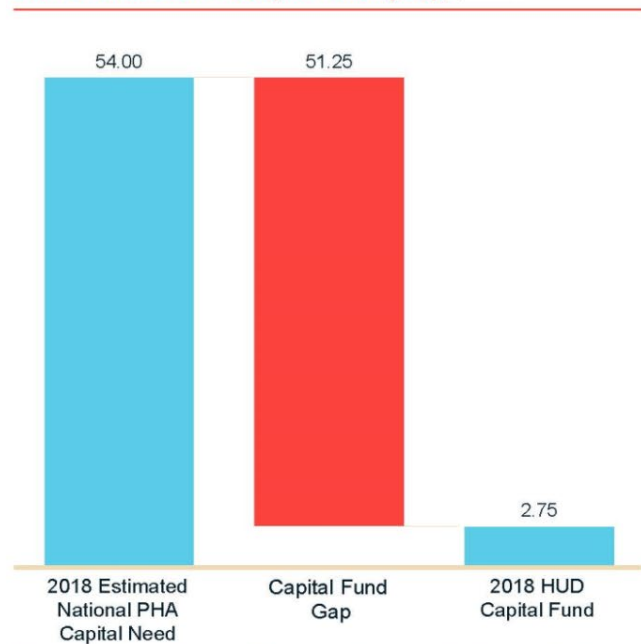


The challenge for DCHA, along with all other public housing authorities across the country, is to find new sources of capital and operating dollars to offset the loss of Federal subsidy, while maintaining the commitment to the families it serves. This challenge required that DCHA look to the experiences of nationally-recognized housing experts and other peer housing authorities to find out how DCHA's situation compares on a national level and what other housing authorities are doing to address it. Two themes emerged from these conversations:

1. HUD is not going to change its 20-year policy of underfunding Section 9 public housing.
2. The tools HUD has provided to public housing authorities under the Section 18 Demolition/Disposition and Rental Assistance Demonstration (RAD) programs, if used appropriately, can leverage private-sector and local public sources for needed operations and capital dollars while protecting the rights of residents currently living in public housing.

## DCHA is not alone—housing authorities across the country are facing a capital needs crisis and funding gap

Estimated National PHA Capital Funding Gap, \$ Billion



District of Columbia Housing Authority

- Total number of public housing units: 8,513<sup>1</sup>
- Unmet capital need: **\$2.2B-\$2.5B**

Housing Authority of the Baltimore City<sup>2</sup>

- Total number of public housing units: 7,600
- Unmet capital need: **\$800M**

Philadelphia Housing Authority

- Total number of public housing units: 12,900
- Unmet capital need: **\$1B**

New York City Housing Authority

- Total number of public housing units: 176,000
- Unmet capital need: **\$31.8B**






<sup>1</sup> Includes DCHA-owned and mixed finance properties; does not include properties that have not come online

<sup>2</sup> Housing Authority of Baltimore City is undergoing an extensive RAD conversion

SOURCE: Estimated need based on [HUD Repositioning Letter 11/13/18](#) and HUD 2018 [Enacted Capital Fund Budget](#); New York Housing Authority; Philadelphia Housing Authority; Baltimore Housing Authority



## Public Housing Authorities have taken several approaches to addressing reduced federal funding for growing capital needs

Approaches to capital needs gap		Details	Supporting federal programs
Increase non-HUD funding	Debt 	<ul style="list-style-type: none"> <li>Funds generated from loans or bond issuance</li> <li>Typically requires funding from operating budget to pay down the debt service</li> </ul>	<ul style="list-style-type: none"> <li>Rental Assistance Demonstration (RAD)</li> </ul>
	Equity 	<ul style="list-style-type: none"> <li>Provision of ownership interest in exchange for funds</li> </ul>	<ul style="list-style-type: none"> <li>Low-Income Housing Tax Credit (LIHTC)</li> </ul>
	Grants 	<ul style="list-style-type: none"> <li>Funding from city, state or philanthropic sources that do not require repayment</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Shift traditional revenue sources 		<ul style="list-style-type: none"> <li>Shifting uses of funds to reflect the needs of housing authority; enabled for select housing authorities by their participation in HUD's Moving to Work program</li> </ul>	<ul style="list-style-type: none"> <li>Moving to Work Program (MTW)</li> </ul>
Shift mix from public housing to a voucher subsidy 		<ul style="list-style-type: none"> <li>Decreasing public housing supply in favor of a voucher subsidy</li> <li>Federal voucher funding has increased while public housing capital funds have decreased</li> </ul>	<ul style="list-style-type: none"> <li>Housing Choice Voucher Program (HCVP)</li> </ul>

- Even by taking the measures included here, public housing agencies still face a cash gap to meet the capital needs of public housing
- For example, in its plan NYCHA 2.0 released in December 2018, NYCHA (New York City Housing Authority) employed all of the measures here, including City funding of \$3.3bn and still faces a capital funding gap of \$8bn<sup>1</sup>

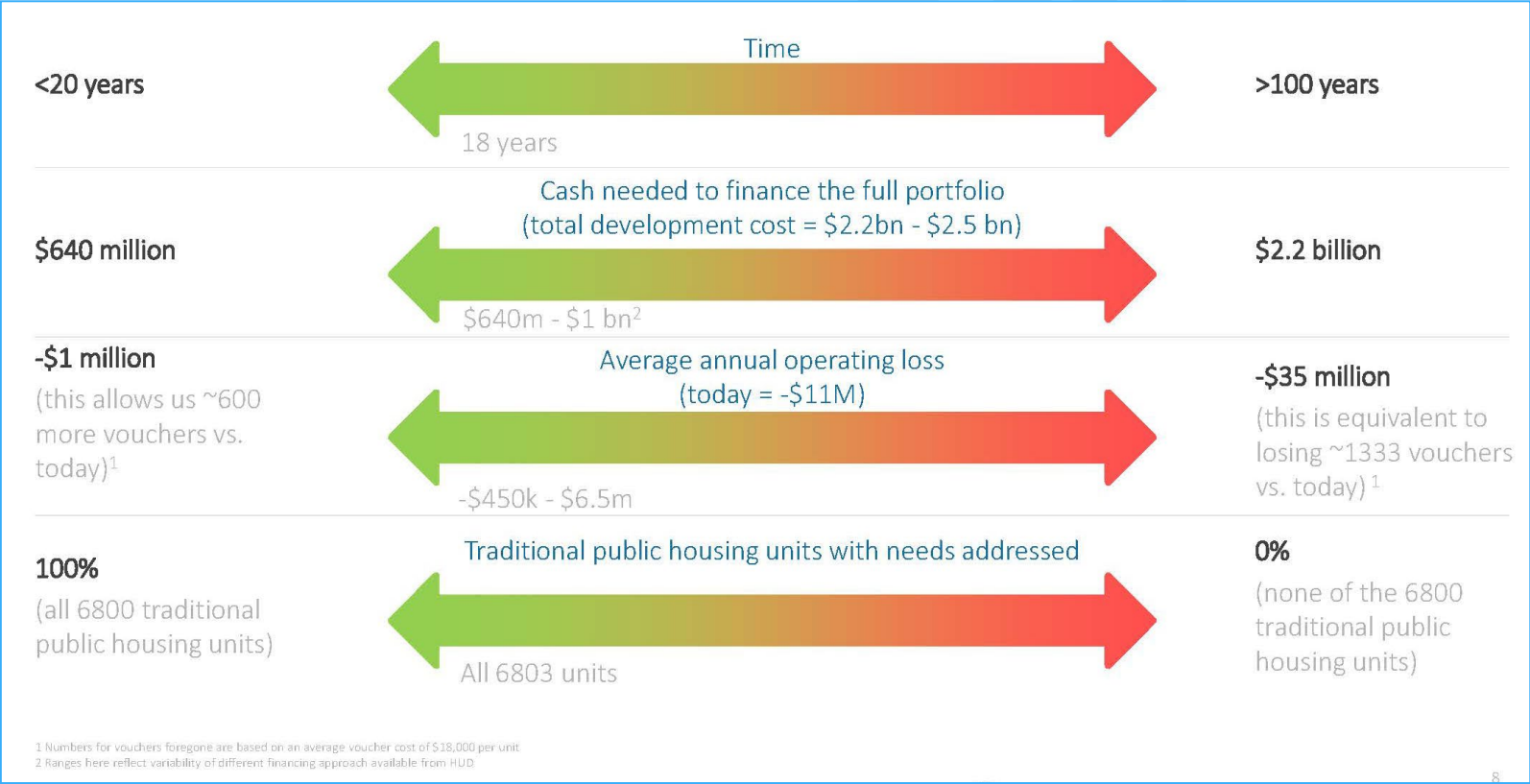
1 NYCHA Plan 2.0, released December 2018, <https://www1.nyc.gov/assets/nycha/downloads/pdf/NYCHA-2.0-Part1.pdf>



The Framework

With this information in-hand, DCHA sought to create tools and strategies to assist DCHA’s staff, Board and stakeholders in making long-term decisions for the public-housing portfolio that:

1. minimize the amount of time required to address the problem and place DCHA’s housing portfolio into a state of good repair,
2. Minimize the amount of cash DCHA will have to find through its own and other local sources to leverage the repair of its housing portfolio,
3. Improve operational cash-flow and reduce expenses over time, and
4. Maximize the number of public housing units it could repair and/or replace with the available resources.

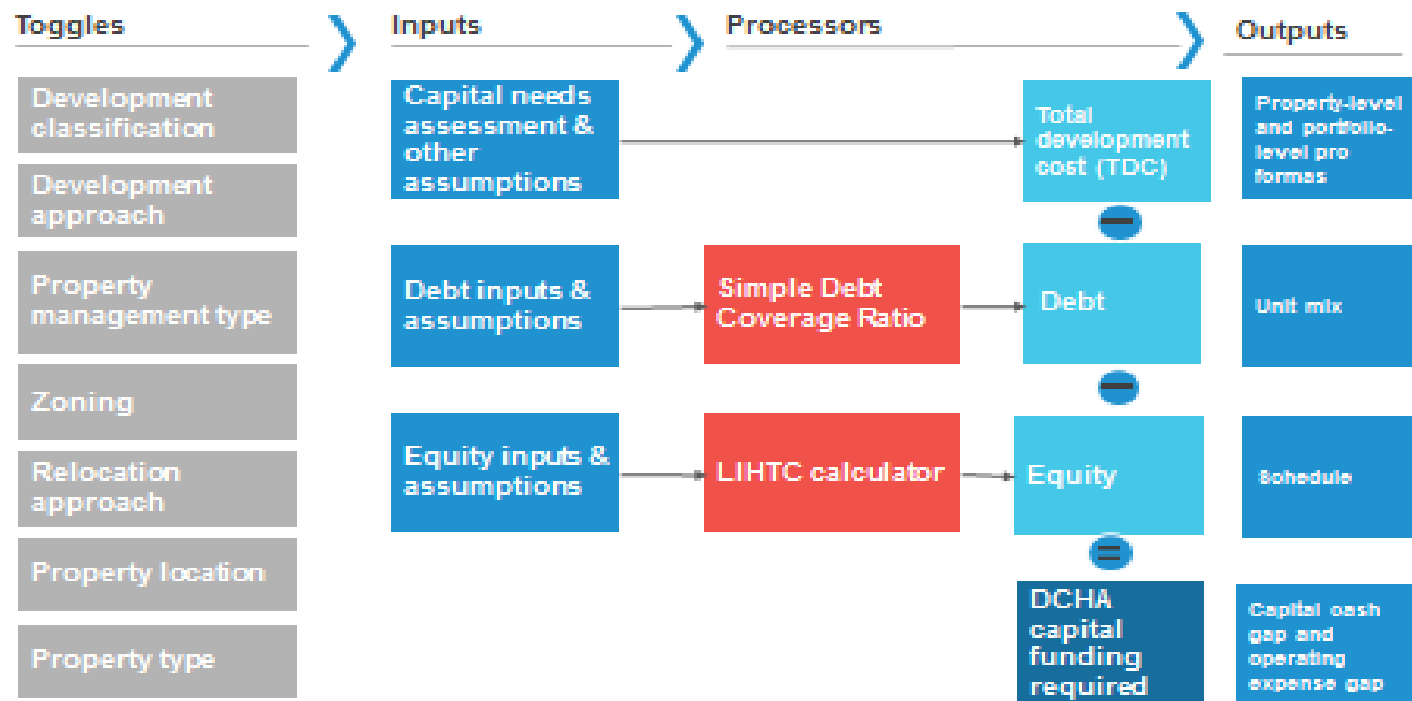


As a way to begin to frame the problem, a software tool was developed to analyze the problem and provide scenarios to identify optimal strategies to minimize time, minimize cash, improve operational cash-flow, and maximize the number of public housing units it could repair and/or replace with the available resources.

As we worked to frame the problem, DCHA landed on four lenses through which to view and measure differing strategies:

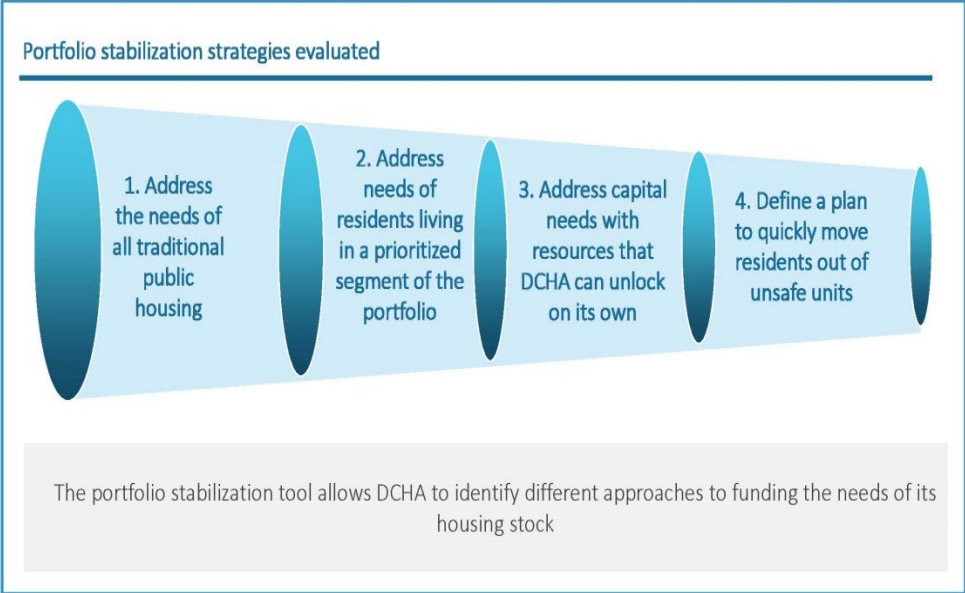
1. identify the costs to address the needs of all of DCHA's traditional public housing,
2. identify the cost to address the needs of residents living in the portion of the portfolio that has been deemed to be in extremely-urgent condition (14 properties, 2,610 units),
3. identify the feasibility of addressing DCHA's capital needs with only the resources DCHA can raise on its own, and
4. define a plan to quickly move residents into improved, safer living conditions.

## The model uses toggle-based inputs to calculate DCHA capital funding from TDC, debt and equity



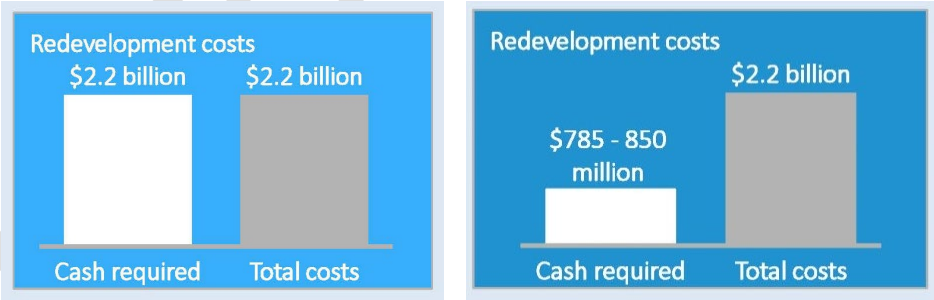
DCHA has taken a comprehensive approach to identifying strategies to stabilize its housing stock

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Identifying the Cost

DCHA began its stabilization strategy by evaluating the cost to address the capital needs of all units in its public housing portfolio. First, DCHA looked at how much funding it would need to maintain traditional public housing. Under this approach, DCHA identified that it would need \$2.2billion.



Then, we formulated an approach under which DCHA would improve its capacity, take advantage of all financing models available (including the RAD program and mixed finance using LIHTC), and land sales while maintaining one-for-one replacement of all units.

Even with such an aggressive financing strategy, DCHA would still need a minimum of \$785 - \$850 million cash on hand to leverage \$2.2 billion to address the capital needs of its 6,803 public housing units over the next 17 years.

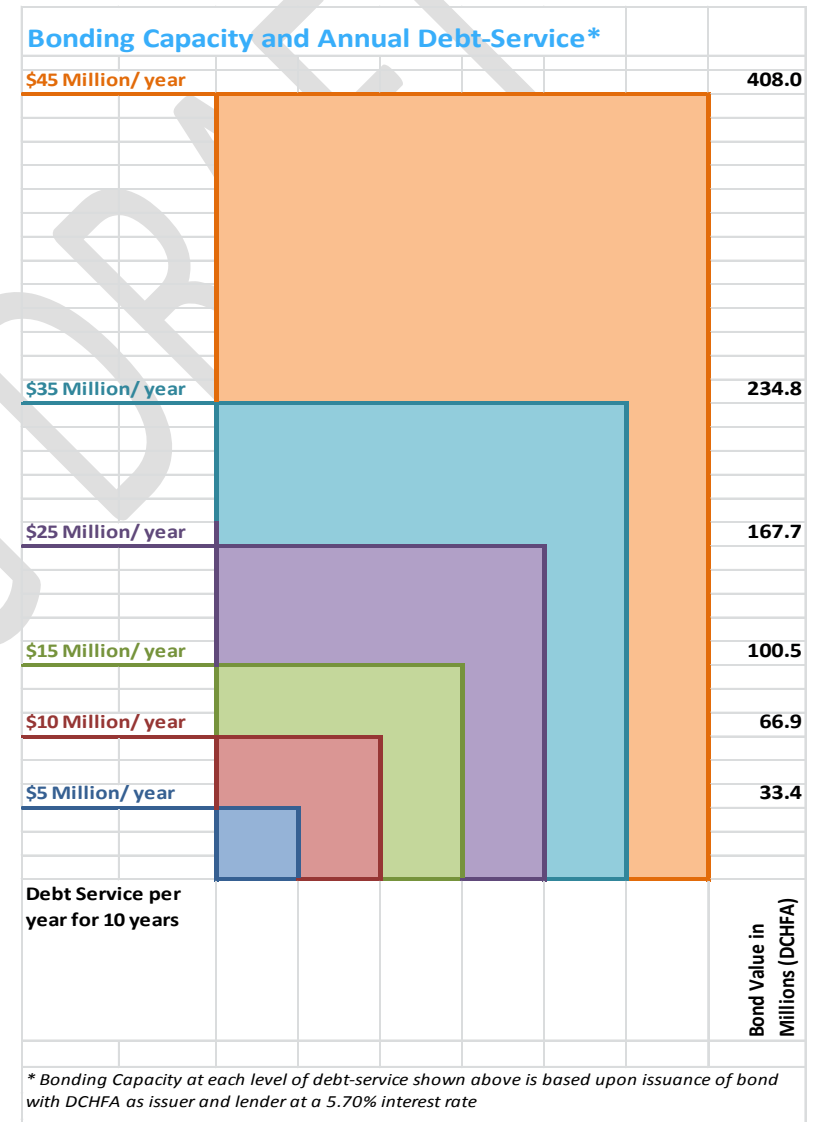
We then evaluated how much it would cost to address the needs of only the 14 extremely urgent properties. This approach divided the extremely urgent properties into two categories:



1. properties that can reach 15-20 year viability through immediate repairs, and
2. properties that require long-term repositioning through resident relocation, followed by comprehensive modernization and/ or redevelopment to achieve 15-20 year viability.

DCHA determined that over \$300 million in cash would be needed to leverage the funds to be able to address the capital needs of its 2,610 units in its 14 extremely-urgent public-housing sites.

DCHA then looked at how differing levels of stable, recurring funding from the District of Columbia could be used to pay debt-service on a bond that could finance repairs and redevelopment at all 14 of the extremely-urgent sites in DCHA's portfolio:



Optimizing the Strategy

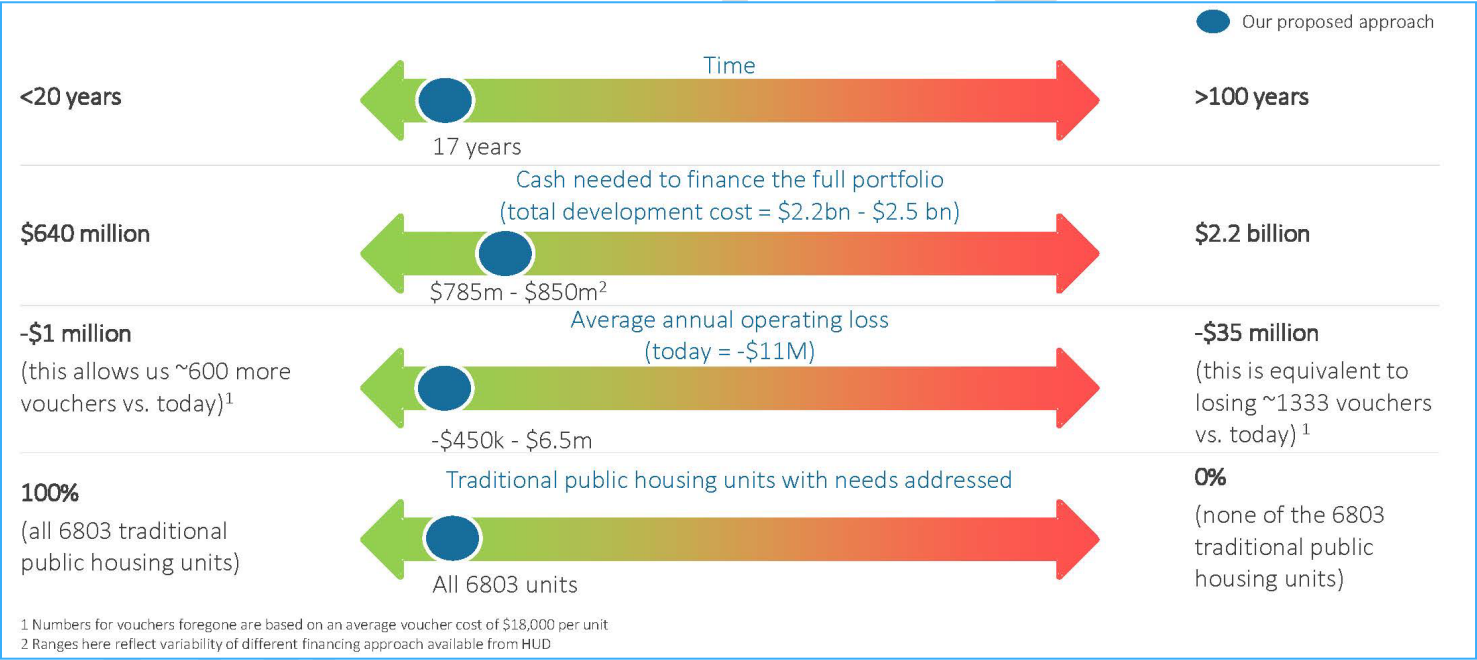
This information has allowed DCHA to identify a long-term repositioning strategy that optimizes our criteria in terms of overall project timeframe (17 years), cost (\$785 - \$850 million, operations (less than \$1 million/ year in operating loss, and scope (the ability to address all 41 public housing properties and 6,803 units with a program that will place the portfolio in a long-term state of good repair and operational self-sufficiency:

In conclusion, assuming that the decline of operating and capital subsidy for traditional public housing continues, stabilizing DCHA’s portfolio would require *conversion* of some portion of DCHA’s public housing units to subsidy platforms that facilitate financing of rehabilitation and/or redevelopment, such as:

- Conversion of ACC properties under HUD’s Rental Assistance Demonstration (“RAD”), or
- Demolition/Disposition under Section 18

In either conversion scenario, DCHA is committed to structuring conversion transactions in order to:

- Maintain ownership of the fee interest of all properties,
- Self-develop its properties to the greatest extent of its capacity,
- Control or manage and developer/owner entity created for the purpose of redevelopment or rehabilitation of a property,
- Utilize contractual agreements (eg: RAD Control Agreements to govern third-party developers and managers), and
- Manage properties post-conversion, to the greatest extent feasible.



## PORTFOLIO STABILIZATION STRATEGY



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## Portfolio Stabilization Strategy



## Portfolio Stabilization Strategy:

DCHA's Portfolio Stabilization Strategy is core to DCHA's Transformation. To meet its fundamental obligations to its residents – providing safe, affordable housing – DCHA must rehab and redevelop its deteriorated housing stock. In many cases, this includes relocating households out of unacceptable conditions. Revitalizing our fourteen (14) most distressed public housing sites, comprising 2,610 units, is top priority. These fourteen sites are in extremely-urgent condition, with conditions that present physical and environmental hazards to our residents. Our values demand urgent action to improve the safety and comfort of these homes.

### Public Housing Portfolio Stabilization by the Numbers

While the human need is clear, the financial need is unprecedented. The \$2.2 billion needed to comprehensively modernize and/or redevelop these fourteen (14) sites and refresh the entire forty-one (41) site public housing portfolio is about 150 times the typical annual capital improvements funding HUD and the District of Columbia provide. Housing authorities nationwide are suffering similar challenges, after decades of grossly underfunded capital needs. While U.S. Department of Housing and Urban Development has been clear that additional federal capital funds are not possible. HUD has provided tools to leverage public and private dollars, while enabling more local control. These tools include RAD and Section 18.

DC is better positioned than most regions to leverage these alternative strategies, building on strong land values and public-private engagement to turn the tide and

meet our neighbors' housing needs safely and efficiently. We plan to use HUD-provided tools, in combination with every other lever we can pull, to quickly transform these homes and enable future operational sustainability of DCHA.

### A Tiered Approach

After careful analysis and study over the past year, DCHA recommends a 17-year, \$2.2-\$2.5bn financing-backed approach to fully leverage HUD tools, public and private funds to meet the needs of the entire DCHA portfolio. By fully leveraging HUD tools, public and private funds, DCHA can access \$2.2 billion to meet the capital needs of all DCHA properties, leveraging private financing and \$785-850 million in DCHA liquidity. For an annualized-average investment of \$45-\$50 Million over a period of 17 years, DCHA would bring all 41 current public housing sites into good repair. This would reposition the 14 extremely-urgent sites and stabilize the full housing portfolio, providing modern, safe, energy-efficient, affordable housing for all of our residents. It is important to note that this investment addresses the long-term capital needs of the sites. Operating costs are not addressed through this capital infusion, but operating expenses would likely be lower for the stabilized sites due to the fact that the long-term deferred capital investment has had a negative impact upon operations through excessive work orders to repair obsolete systems.

These cost estimates consider DCHA's previous deal structures, regional real estate market realities, construction costs and our residents' evolving needs. Significant environmental, accessibility, historical and energy efficiency investments are assumed, but the full extent of each will require further study.

### Immediate Action Plan



In 2019 the District of Columbia government committed an allocation of \$24.5 million to support immediate action at four properties: Kelly Miller Townhomes, LeDroit Apartments, Judiciary House and Langston Additions. Residents of the 463 housing units within these four properties will see construction mobilization soon. Some residents may need to relocate briefly during construction.



Judiciary House



LeDroit Apartments



Kelly-Miller Townhouses



Langston Additions

## The Long-Term Strategy

As follow-on to the early-action projects, DCHA will pursue a longer-term conversion of the first four properties utilizing the RAD program to convert the operating subsidy from Section 9 (public housing) to Section 8 (project-based vouchers (PBV) or project based rental assistance (PBRA)). For the remaining 10 housing sites, DCHA will work with HUD to use a combination of the Rental Assistance Demonstration (RAD) and the Section 18 Demolition/Disposition process (see Exhibit BB above) to fund capital improvements. These conversions will restore the sites to local control and allow DCHA to raise additional debt and equity to improve the properties in coming years. In addition, the greater stability of the Section 8 rental subsidy will allow DCHA to stabilize the operation of these properties and free-up resources to tackle other, more challenged properties.

One important piece of this strategy is the commitment from HUD to provide 25% of the total unit count in PBV's to an approved Demolition and Disposition application when combined with RAD. Should HUD not honor this current policy, the costs reflected in the pro-formas for the properties listed below as RAD will likely increase due to the loss of the PBV's. The properties to be converted using a combination of RAD and Section 18 include the following, organized into a ten-year plan with two tranches:

### The First Five Years (0-5)

- Benning Terrace
- Fort DuPont | Stoddert Terrace
- Fort DuPont Dwellings
- Garfield Senior and Terrace
- Langston Terrace and Additions (RAD)
- Richardson Dwellings

### The Second Five Years (6-10)

- Greenleaf Additions
- Greenleaf Gardens
- Judiciary House (RAD)
- Kelly Miller Walk-ups
- LeDroit Apartments and Kelly-Miller Townhouses (RAD)
- Woodland Terrace



## The Process

The path forward will be longer for these sites due to the extremely high costs involved in modernizing and/or redeveloping these sites to modern standards. In the interim while planning for each site is underway and resources are being assembled, DCHA is committed to providing residents with living conditions that are as safe and secure as possible. The first step in the process of transitioning the sites to a more stable, healthy and secure future will come in the form of RAD conversions and Section 18 applications to HUD for the demolition and/or disposition or RAD conversion of the sites.

The purpose of the Section 18 Demolition /Disposition process is twofold:

1. Release of the Federal Declaration of Trust (DoT) that burdens the deed on the property. This Declaration of Trust is a legal instrument used by HUD to require that the property be operated as public housing.
2. The approval by HUD of the Section 18 application allows DCHA to apply for tenant protection vouchers to offset the costs to relocate residents to more-stable housing while demolition and development activities take place.

The process leading up to the application includes steps to consult with residents regarding the long-term planning for the site and information for residents regarding preparations for the issuance of the tenant protection vouchers and the timeframe for relocation. The application process:

- Obsolescence test and environmental review
- Support of local government
- Resident consultation
- Board Resolution to approve application
- Submit to HUD
- Approval of Application
- Request of and Receipt of Vouchers
- Relocation Process

The DCHA plan for the relocation timeline and process is described in greater detail later in this chapter. In concert with investments in the physical portfolio, DCHA will also seek to invest in human capital as part of the long-term stabilization plan. This

parallel plan for readying residents for the relocation process is covered in greater detail in the “Human Capital Plan” to follow.

## Funding Sources | Filling the Gap

As DCHA moves toward implementation of this plan, it is imperative that we explore creative funding strategies and employ as many programs available. Generally, a successful project will leverage multiple funding programs to achieve financing. “Filling the gap” can be accomplished by;

1. Reducing the overall cost of real estate development by mitigating the cost of land acquisition, construction and “soft” costs. When these initial costs are reduced, DCHA and our development partners carry less debt, which enables the underwriting of affordable and deeply subsidized housing.
2. Utilizing direct lending/ financing for affordable/deeply subsidized real estate projects; such examples include deferred payment loans, equity investments, grants and philanthropic gifts. Any mechanism that lowers debt assists DCHA in achieving its affordable housing goals.
3. Utilizing inducements to financing such as public or private mortgage insurance, loan guarantees, tax-exempt bonds, interest subsidies, tax credits, and a number of other programs designed to make direct financing easier and less expensive.
4. Leveraging subsidies for rents and/or operating costs administered by local and federal rent subsidy programs can assist DCHA in achieving the cash flow and operating income necessary for projects to be successfully underwritten.
5. Other likely sources for gap-funding include the following:
  - DCHA Capital Funds
  - DC City Funds
  - Low-Income Housing Tax Credits (LIHTC) 4% and 9%
  - Mortgage Debt
  - Secondary Sources
    - Federal Home-Loan Bank Grants (FHLB)
    - Philanthropic Gifts
    - HOME Funds
    - Energy Capital Improvement Program (ECIP) - Bond



## Ways the District can Support DCHA's Portfolio Stabilization Efforts

- **Dedicated Yearly Funding Stream** – a dedicated yearly funding allocation from the District of Columbia would allow DCHA to plan for its long-term portfolio stabilization effort and create a sustainable year-to-year program for our residents. A dedicated annual funding allocation can be leveraged to attract additional capital from the private sector or be collateralized to unlock the opportunity to raise funds through bond issuances.
- **Rehabilitation and Maintenance Fund**– The creation of the Rehabilitation and Maintenance Fund in the FY 2017 Budget formulation process has allowed the DC Housing Authority to convert unspent Local Rent Supplement Program funds into capital funds for use in completing rehabilitation and maintenance work in public housing. The fund was created as a tool to allow existing budget authority in Local Rent Supplement Program allocations to be applied to preservation efforts in public housing. Work completed using these funds includes site and building infrastructure upgrades, HVAC modernization, plumbing and electrical work and other renovation work to keep buildings in a state of good repair. Since the inception of the fund in FY17, the District has transferred over \$28 million in unspent Local Rent Supplement Program. In FY 2020 budget formulation process, the District also identified and allocated an additional \$24.5 million from alternative sources.
- **LRSP Flexibility** - Created in FY2007 as a tool to address the housing needs of the most vulnerable District residents, the Local Rent Supplement Program is modeled after the federal rental assistance programs but with key modifications to meet District priorities. Rental assistance programs are both **tenant based**, where assistance is tied to the household and they have flexibility to move from unit to unit within the District, and **project/sponsor based**, where assistance is tied to the provider or unit and households have to be eligible to live there. The project/sponsor based rental assistance remains with the project and does not move with the household.

As a locally funded rental assistance program, the District has flexibility in targeting the rental assistance funding to target populations and also to expand the use of the funds to allow for related expenses such as security deposits and application fees.

- **Zoning Density Bonuses | Re-Zoning of Property** – The ability for DCHA to leverage its land-value is dependent upon our ability to maximize this value. Land value can be leveraged in several ways through the zoning process:
  - Additional allowable unit density, height and floor area ratio (FAR) would allow DCHA and its future development partners to add additional affordable and/or market rate units on our existing sites. This will allow DCHA to house more residents on the same land or to house the same population on less land.
  - Increasing allowable site density would also increase land value in dollars. This increased value can be leveraged through sale of parcels to raise gap-funding for projects or to raise equity for a particular transaction through allowing DCHA and its partners to carry additional mortgage debt.
- **Nominal Cost Land Acquisition or Land Swaps** – In some cases there may be instances where a swap of DC and DCHA land may allow DCHA to obtain a better housing site in exchange for one of its existing sites where the land could be used for a different DC priority. Surplus DC property could also be sold at reduced cost to allow for development of new affordable housing by DCHA and its partners.
- **DCHFA Blanket Inducement Resolution** – obtaining a blanket bond-inducement resolution for DCHA's entire project pipeline would allow for DCHA to credit all future capital improvements towards eligible project basis for a future 4% LIHTC comprehensive modernization project. This will allow DCHA to leverage each dollar of capital and R&M funds to generate up to \$1.40 in total funds available under a typical 4% LIHTC project.
- **DCHFA 9% LIHTC DCHA Set Aside** – Explore with DHCD the creation of a set aside in the tax credit allocation plan. If DHCD were to create an annual



DCHA set-aside in its 9% LIHTC program, DCHA and its partners could consistently tap into the additional equity available through 9% low-income housing tax credits. Nine-percent credits typically generate between 65% and 75% in equity towards the total project cost versus 30% to 35% equity in a typical 4% LIHTC deal.

- **DOEE Grants** –DCHA is a current recipient of a \$5 million DC Department of Energy and Environment (DOEE) Solar-for-All grant. This grant is used to place solar panels on the roofs of several DCHA projects, as well as paying for other related energy-efficiency improvements. Additional grants in future years will allow DCHA to continue to reduce its energy usage and resulting utility costs, thereby freeing-up resources for capital improvements.



## Property-by-Property Recommendations



## Summary of Recommendations

DCHA has proposed a series of individual property-level recommendations for the long-term stabilization of its 14 extremely-urgent public housing sites. These recommendations, detailed in the following pages, are summarized to the right.

The first column of the summary chart shows the properties modeled with a mix of 80% Project-Based Vouchers (PBV) and 20% LIHTC units. This column represents the “best-case” scenario for overall portfolio development cost gap and 20 year operating income. That is, this set of property rehabilitation and redevelopment options would create the best opportunity to maximize the capital available to address the disrepair of the units, and position the properties to operate sustainably in the future.

The other columns represent scenarios, which incorporate ACC units back into the stabilized portfolio at differing percentages (10%, 25% and 100%) to demonstrate how the impact of maintaining that proportion of traditional public housing units in the portfolio on the capital that would be available for project development (financing gaps), the time necessary to undertake the development and DCHA’s ability to operate the transformed portfolio sustainably.

DCHA appreciates that some residents and stakeholders might view the significant reduction of units supported by traditional public housing subsidy as a retreat from our core mission. In response, we reiterate our continuing commitment to house all of our residents at rents that do not exceed 30% of adjusted household income without regard to funding source(s). Moreover, we reaffirm our commitment to providing long-term affordability for our residents as will be imposed by the subsidy contract, ground lease and recorded use agreement. For example, affordability for RAD conversions are ensured through a 20 year renewable subsidy contract and a recorded use agreement. With respect to Low-Income Housing Tax Credits there is a 15 year affordability period under a recorded use agreement, with a required 15 year extension.

The objective of this plan is to maximize access to the capital required to address the conditions of our properties and position properties to operate with long-term financial stability.



## Extremely Urgent Portfolio – Summary Pro-forma

		80% PBV/20% LIHTC (No ACC Units)		10% ACC		25% ACC		100% ACC	
		Projected Gap	20 Year Operating	Projected Gap	20 Year Operating	Projected Gap	20 Year Operating	Projected Gap	20 Year Operating
Benning Phase 1	New Construction	11,640,908	7,900,600	14,470,640	6,735,526	19,011,167	4,866,073	39,253,795	(3,975,606)
Benning Phase 2	New Construction	8,366,090	5,250,251	10,462,006	4,387,308	13,188,783	3,264,624	27,295,434	(2,605,515)
Benning Phase 3 RAD	Comp. Rehab	0	3,229,262	0	3,086,928	441,086	2,270,636	9,213,253	140,258
Garfield 1	New Construction	31,829,569	2,553,545	34,965,675	1,262,329	37,437,172	244,750	69,587,184	(7,538,698)
Garfield 2	Gut Rehab	34,054,356	(898,808)	34,241,490	(975,856)	34,540,904	(1,099,133)	42,990,887	(4,233,862)
Greenleaf Phase 1*	New Construction	6,394,191	6,129,804	6,870,159	5,933,835	9,738,219	4,752,981	26,898,198	4,057,706
Greenleaf Phase 2	New Construction	18,030,569	8,781,371	21,521,761	7,343,957	26,805,977	5,168,309	53,943,131	(6,004,761)
Greenleaf Phase 3	New Construction	43,739,601	50,496,033	45,049,953	49,956,527	47,250,532	49,050,492	58,208,962	44,538,622
Greenleaf Phase 4	New Construction	5,468,445	20,724,433	6,867,056	20,148,589	8,692,988	19,396,805	19,276,618	15,039,250
Greenleaf Phase 5	New Construction	3,215,249	20,176,434	4,043,579	19,835,389	5,399,939	19,276,940	13,141,182	16,089,670
Greenleaf Phase 6	New Construction	10,855,180	31,428,358	11,355,082	31,222,535	12,007,412	30,953,955	16,116,437	29,262,162
Judiciary RAD	Comp. Rehab	0	37,238	0	(585,812)	0	(1,475,883)	1,804,609	(6,225,239)
Kelly Miller/LeDroit RAD	Comp. Rehab	0	541,706	545,396	134,056	1,708,501	(344,824)	9,070,262	(1,568,597)
Kelly Miller/LeDroit 2	New Construction	12,920,858	5,544,679	14,355,269	4,954,095	18,814,112	3,118,274	34,474,728	(3,876,793)
Langston Terr. & Add. RAD	Comp. Rehab	4,355,224	11,267,684	6,347,620	10,447,363	11,940,597	8,144,590	49,019,269	(5,682,776)
Richardson Phase 1	New Construction	15,185,812	4,476,188	16,440,953	3,959,415	18,626,284	3,059,657	36,390,907	(5,427,952)
Richardson Phase 2	New Construction	8,056,900	2,668,047	8,449,998	2,506,198	9,513,931	2,068,150	19,928,354	(2,689,825)
Richardson Phase 3	New Construction	2,504,305	1,138,975	2,266,906	1,236,719	2,585,724	1,105,453	6,899,271	(725,078)
Stoddert Phase 1	New Construction	5,793,575	6,946,388	8,163,896	5,970,466	10,867,137	4,857,471	28,168,584	(2,165,416)
Stoddert/Ft. DuPont RAD	Comp. Rehab	1,697,735	1,732,906	1,940,062	1,633,134	3,423,182	1,022,495	8,770,747	(578,701)
Stoddert/Ft. DuPont 3	New Construction	9,879,653	6,872,529	13,563,286	5,355,882	18,092,825	3,490,953	35,444,836	(4,184,383)
Woodland Phase 1	New Construction	5,166,768	3,018,829	6,694,165	2,389,960	8,643,434	1,587,396	16,767,014	(2,000,237)
Woodland Phase 2	New Construction	6,370,122	6,367,080	8,046,783	5,676,755	11,202,671	4,377,395	27,675,064	(2,297,993)
Woodland Phase 3	New Construction	6,370,122	6,367,080	8,046,783	5,676,755	11,202,671	4,377,395	27,675,064	(2,297,993)
		<b>251,895,233</b>	<b>212,750,613</b>	<b>284,708,519</b>	<b>198,292,054</b>	<b>341,135,247</b>	<b>173,534,952</b>	<b>678,013,791</b>	<b>45,048,242</b>
<b>20 Year DCHA Cost</b>		<b>39,144,620</b>		<b>86,416,465</b>		<b>167,600,295</b>		<b>632,965,549</b>	

\* Greenleaf phase 1 is an unidentified build first site. This estimate is based on a 100 unit building with 38 replacement units.



# Benning Terrace

4450 G Street SE, Washington, DC 20019

Ward 7 | ANC 7F

Neighborhood: Marshall Heights

2018 Capital Needs Assessment: \$33,086,205

Annual Interim Controls Cost: \$3,135,775

Year Constructed: 1958

## Recommendation: Section 18 Mixed-Finance Comprehensive Modernization and Redevelopment

### Existing Conditions

Benning Terrace was built in 1958. The property is occupied and consists of 274 units in eight (8) three-story walk-ups and ninety-eight (98) two, three, four, five and six bedroom townhouses. Included within this unit count are four UFAS townhouses and 14 UFAS walk-ups. The property sits on approximately 21.2 acres. The elected official for this community are D.C. Council Representative Vincent Gray (Term 1/2/17-1/2/2021) and the Advisory Neighborhood Commission 7F, Commissioner and Chairperson is Tyrell Holcomb. The property is located within the Benning Ridge neighborhood, east of the Anacostia River. The property has a centrally located community building that houses the management office, a playground, and a baseball and football field. Last major renovation was completed in 1988.

The following table shows the existing unit mix:

Property	2BR	3BR	4BR	5BR	6BR	Total
Benning Terrace	58	172	22	21	1	274

Per the DCHA Capital Needs Assessment, prepared by Torti-Gallas Urban in 2018, the long-term capital need for this property is estimated to be \$33,086,205 in FY 2019 dollars, or more than \$120,000 per unit. The estimated annual cost for interim-controls to encapsulate lead-based paint is \$3,135,775. Due to the combination of the high-cost exposure for interim controls of lead-based paint and the high cost of deferred capital needs, this property has been placed on the urgent inventory list. The following list details the life and safety hazards or severe structural distress:

### Life and Safety Hazards

- There are many instances of smoke and carbon monoxide detectors non-functioning or missing.
- Lighting fixtures and receptacles are at the end of their anticipated useful life and must be replaced.
- Pest infestation is widespread.
- Cracked and raised concrete sidewalks are widespread.
- Lead paint has been detected on balconies, walls, railings, and in common areas.

### Severe Structural Distress

- Waste vent pipes are severely deteriorated and must be replaced.
- Kitchens are at the end of their useful life and must be replaced.
- Poor site layout – Areas of the site, particularly the cul-de-sac are difficult to police due to a single means of ingress and egress and blind-areas within the building layout.
- Steep topography in some areas, particularly the cul-de-sac, hampers efforts to improve disability access without wholesale site re-grading through redevelopment.
- Geotechnical challenges affecting the structures threaten the long-term integrity of the site and cause local erosion and settlement issues.



# Benning Terrace

4450 G Street SE, Washington, DC 20019  
Ward 7 | ANC 7F

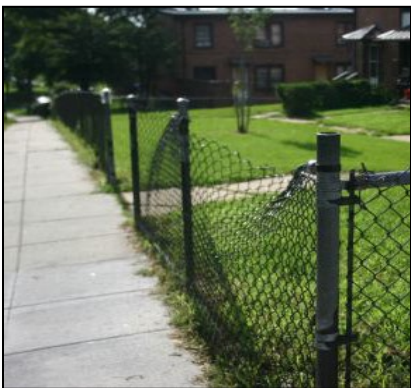
Neighborhood: Marshall Heights

2018 Capital Needs Assessment: \$33,086,205

Annual Interim Controls Cost: \$3,135,775

Year Constructed: 1958

Recommendation: Section 18 Mixed-Finance Comprehensive Modernization and Redevelopment



## Current Zoning and Land Use:

Current zoning is **RA-1**. Permits low to moderate-density development, including detached dwellings, rowhouses, and low-rise apartments. Zoning purpose is to protect quiet residential areas now developed with detached dwellings and adjoining vacant areas likely to be developed for those purposes; stabilize the residential areas and to promote a suitable environment for family life.

Zoning	Floor Area Ratio (max)	Max Height (ft)	Stories	Max. Lot Occupancy	Rear Yard Setback (ft)	Side Setback (ft)	Green Area Ratio (min.)	Zoning Regulation Reference
RA-1	0.90	40	3	40%	20	8	.40	Subtitle D, Chapter 3

At this time we do not foresee the need to amend the current zoning at this site as it allows for sufficient increased density for our redevelopment plan. We are proposing an increase in density of 43 units/20% from 274 to 317 residential units.



# Benning Terrace

4450 G Street SE, Washington, DC 20019

Ward 7 | ANC 7F

**Neighborhood: Marshall Heights**

**2018 Capital Needs Assessment: \$33,086,205**

**Annual Interim Controls Cost: \$3,135,775**

**Year Constructed: 1958**

## Recommendation: Section 18 Mixed-Finance Comprehensive Modernization and Redevelopment

### Development Recommendation:

HUD's current per-unit Total Development Cost (TDC) limit for the District of Columbia is \$212,394 for a typical 2BR walk-up unit. HUD generally considers a PHA to have met the threshold for obsolescence for a site when rehabilitation costs are at or above 57.14% of the TDC, or in this case \$121,362/unit. Given that the estimated cost for rehabilitation of the site is at or close to the HUD TDC threshold for obsolescence, we believe that the best course of action to begin the process of placing this site into a state of good repair is through the Section 18 Demo Disposition process. This process, once approved by HUD, will allow DCHA to obtain Tenant Protection Vouchers to allow residents to move to safer, better housing conditions while rehabilitation and redevelopment activities take place.

DCHA envisions a hybrid plan to preserve and comprehensively modernize the buildings on site that currently provide the best living conditions for residents (the townhouses along Alabama Ave SE), while demolishing and redeveloping the balance of the property.

**Phase I** is envisioned to include the relocation, demolition and redevelopment of the block to the east of 46<sup>th</sup> Street SE (areas on the site analysis map labeled as the "cul-

de-sac", "street-front" and "courtyard"). Significant re-grading, and new street alignments and infrastructure are envisioned as part of this phase in order to allow for a loop-street that will permit at least 2 ways in and out of the site and the interconnection of the block into the fabric of the surrounding neighborhood.

**Phase II** is envisioned to tackle the relocation, demolition and redevelopment of the portion of the block to the west of 46<sup>th</sup> Street SE (the area on the site analysis map labeled as the "mid-rises"). Similar to Phase I, new street alignments and infrastructure will be considered for Phase II to allow for the creation of a traditional neighborhood design with street-fronting townhouses and stacked-flats. A new management office and community center is also planned as part of this Phase II project.

**Phase III** is envisioned as a comprehensive modernization of the townhouses fronting along Alabama Avenue SE and F Street SE. Since this is the final phase of the revitalization of Benning Terrace, and the completion of this phase is likely to extend out 5-8 years, capital dollars will be invested in these structures to keep them in as good a condition as possible until residents can be relocated in anticipation of the start of work on Phase III.



# Benning Terrace

4450 G Street SE, Washington, DC 20019

Ward 7 | ANC 7F

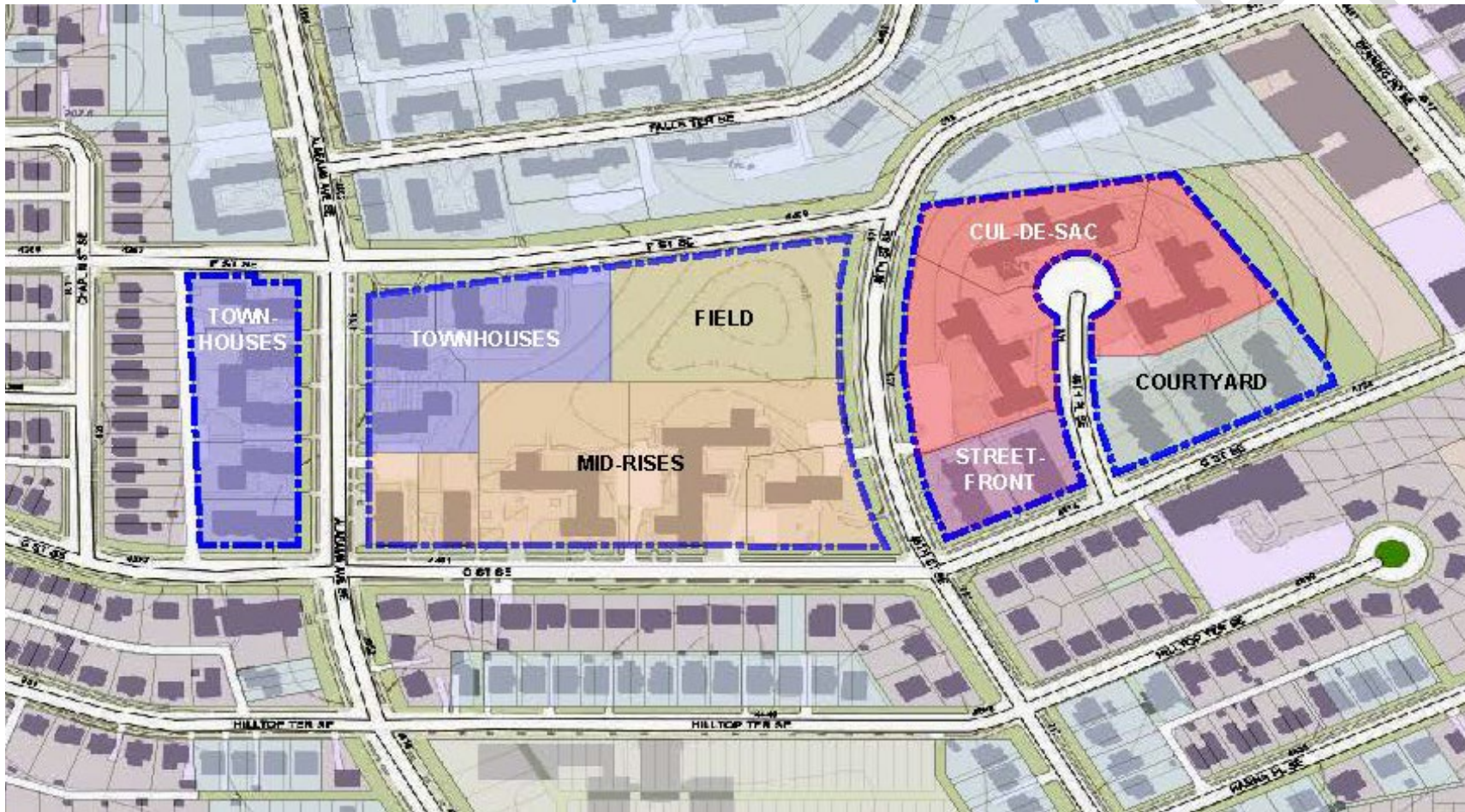
Neighborhood: Marshall Heights

2018 Capital Needs Assessment: \$33,086,205

Annual Interim Controls Cost: \$3,135,775

Year Constructed: 1958

Recommendation: Section 18 Mixed-Finance Comprehensive Modernization and Redevelopment



# Benning Terrace

4450 G Street SE, Washington, DC 20019

Ward 7 | ANC 7F

Neighborhood: Marshall Heights

2018 Capital Needs Assessment: \$33,086,205

Annual Interim Controls Cost: \$3,135,775

Year Constructed: 1958

**Recommendation: Section 18 Mixed-Finance Comprehensive Modernization and Redevelopment**

**Benning Terrace – Site Analysis Diagram**

**Phase-by-Phase Unit Mix and Financial Analysis:**

The following table shows the unit mix and sources and uses for Phase I (Redevelopment):

## Benning Terrace Phase 1

### INPUTS

150

MANUAL INPUT  
CALCULATION

#### 1. UNITS & RENTAL SUBSIDY

	ACC	RAD	PBVS	LIHTC-only	MARKET	TOTAL
Efficiency	0	0	0	0	0	0
1 bedrooms	0	0	0	0	0	0
2 bedrooms	0	0	0	15	0	15
3 bedrooms	0	0	92	42	0	134
4 bedrooms	0	0	0	0	0	0
5+ bedrooms	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>92</b>	<b>58</b>	<b>0</b>	<b>150</b>

LIHTC rents at 60%  
FMR 110%

#### 2. COSTS

Building Acquisition costs (exc. land)	\$1,811,269
Land Costs	\$255,913
Rehab/construction costs per unit	YES
QCT	YES

#### 3. SOURCES

4% LIHTC	50.95
Tax Credit price	
Permanent loan terms	
Interest rate	4.25%
amortization	40
DSCR	1.15
Max LTV	90%
cap rate	6%
Max % fee deferred	50%

#### 4. Other assumptions

GC markups	14% of const. costs
Hard cost contingency	5%
soft costs (excluding dev fee)	25% of hard costs
Developer fee - construction	15%
Developer fee - acquisition	0%

### OUTPUTS

#### USES

	Total	per unit
Building Acquisition	\$0	\$0
Land Acquisition	\$1,811,269	\$12,075
Hard Costs	\$45,949,538	\$306,330
Soft Costs	\$11,487,385	\$76,583
Developer Fee	\$6,892,431	\$45,950
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$66,140,623</b>	<b>\$440,937</b>

#### Permanent Sources

	Total	
Seller note	\$1,811,269	3%
4% LIHTC	\$21,629,343	33%
Permanent Mortgage	\$27,612,887	42%
Deferred fee	\$3,446,215	5%

**GAP \$11,640,908 18%**

**TOTAL SOURCES \$66,140,623 100%**

#### 50% test

Basis	\$54,565,077	
Min Bond	\$30,010,792	
Construction costs	\$45,949,538	84%



# Benning Terrace

4450 G Street SE, Washington, DC 20019

Ward 7 | ANC 7F

Neighborhood: Marshall Heights

2018 Capital Needs Assessment: \$33,086,205

Annual Interim Controls Cost: \$3,135,775

Year Constructed: 1958

## Recommendation: Section 18 Mixed-Finance Comprehensive Modernization and Redevelopment

### Benning Terrace Phase 2

MANUAL INPUT  
CALCULATION

#### INPUTS

##### 1. UNITS & RENTAL SUBSIDY

	ACC	RAD	PBVs	LIHTC-only	MARKET	TOTAL
Efficiency	0	0	0	0	0	0
1 bedrooms	0	0	0	0	0	0
2 bedrooms	0	0	21	30	0	51
3 bedrooms	0	0	59	0	0	59
4 bedrooms	0	0	0	0	0	0
5+ bedrooms	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>80</b>	<b>30</b>	<b>0</b>	<b>110</b>

LIHTC rents at	60%
FMR	110%

##### 2. COSTS

Building Acquisition costs (exc.land)	\$0
Land Costs	\$1,328,264
Rehab/construction costs per unit	\$242,663
QCT	YES

##### 3. SOURCES

4% LIHTC	
Tax Credit price	\$0.95
Permanent loan terms	
Interest rate	4.25%
amortization	40
DSCR	1.15
Max LTV	90%
cap rate	6%
Max % fee deferred	50%

##### 4. Other assumptions

GC markups	14%	of const. costs
Hard cost contingency	5%	
soft costs (excluding dev fee)	25%	of hard costs
Developer fee - construction	15%	
Developer fee - acquisition	0%	

#### OUTPUTS

USES	Total	per unit
Building Acquisition	\$0	\$0
Land Acquisition	\$1,328,264	\$12,075
Hard Costs	\$31,951,371	\$290,467
Soft Costs	\$7,987,843	\$72,617
Developer Fee	\$4,792,706	\$43,570
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$46,060,184</b>	<b>\$418,729</b>

Permanent Sources	Total	
Seller note	\$1,328,264	3%
4% LIHTC	\$15,040,133	33%
Permanent Mortgage	\$18,929,343	41%
Deferred fee	\$2,396,353	5%

<b>GAP</b>	<b>\$8,366,090</b>	<b>18%</b>
<b>TOTAL SOURCES</b>	<b>\$46,060,184</b>	<b>100%</b>

##### 50% test

Basis	\$37,942,254	
Min Bond	\$20,868,239	
Construction costs	\$31,951,371	84%



# Benning Terrace

4450 G Street SE, Washington, DC 20019

Ward 7 | ANC 7F

Neighborhood: Marshall Heights

2018 Capital Needs Assessment: \$33,086,205

Annual Interim Controls Cost: \$3,135,775

Year Constructed: 1958

## Recommendation: Section 18 Mixed-Finance Comprehensive Modernization and Redevelopment

The following table shows the unit mix and sources and uses for Phase III (Comprehensive Modernization):

### Benning Terrace Phase 3

#### INPUTS

##### 1. UNITS & RENTAL SUBSIDY

	ACC	RAD	PBVs	LIHTC-only	MARKET	TOTAL
Efficiency	0	0	0	0	0	0
1 bedrooms	0	0	0	0	0	0
2 bedrooms	0	1	0	0	0	1
3 bedrooms	0	13	0	0	0	13
4 bedrooms	0	22	0	0	0	22
5+ bedrooms	0	8	14	0	0	22
<b>TOTAL</b>	<b>0</b>	<b>44</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>58</b>

LIHTC rents at	60%
FMR	110%

#### OUTPUTS

USES	Total	per unit
Building Acquisition	\$350,179	\$6,038
Land Acquisition	\$2,320,000	\$40,000
Hard Costs	\$10,909,800	\$188,100
Soft Costs	\$2,727,450	\$47,025
Developer Fee	\$1,636,470	\$28,215
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$17,943,899</b>	<b>\$309,378</b>

Permanent Sources	Total	
Seller note	\$2,670,179	15%
4% LIHTC	\$5,242,232	29%
Permanent Mortgage	\$10,031,488	56%
Deferred fee	\$0	0%

<b>GAP</b>	<b>\$0</b>	<b>0%</b>
<b>TOTAL SOURCES</b>	<b>\$17,943,899</b>	<b>100%</b>

<b>50% test</b>		
Basis	\$13,305,567	
Min Bond	\$7,318,062	
Construction costs	\$10,909,800	82%

#### MANUAL INPUT CALCULATION

##### 2. COSTS

Building Acquisition costs (exc. land)	\$350,179
Land Costs	\$2,320,000
Rehab/construction costs per unit	\$150,000

QCT	YES
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##### 3. SOURCES

4% LIHTC	
Tax Credit price	\$0.95
Permanent loan terms	
Interest rate	4.25%
amortization	40
DSCR	1.15
Max LTV	90%
cap rate	6%
Max % fee deferred	50%

##### 4. Other assumptions

GC markups	14%	of const. costs
Hard cost contingency	10%	
soft costs (excluding dev fee)	25%	of hard costs
Developer fee - construction	15%	
Developer fee - acquisition	0%	



# Garfield Senior and Terrace

2301 11<sup>th</sup> Street NW DC 20001

Ward 1 | ANC 1B

Neighborhood: Howard

2018 Capital Needs Assessment: \$32,809,465

Annual Interim Controls Cost: \$3,125,156

Year Constructed: 1960

## Recommendation: Section 18 Redevelopment for Terrace (Family) Site and RAD Major Rehab for Senior Building

### Existing Conditions

Garfield Terrace Family is a 50-unit public housing property that is comprised of nine two-story townhomes and 41 apartment units in two three-story walk-up buildings. Garfield Terrace Family resides on the northwest and north end of a large land parcel that also includes Garfield Senior, a 10-story hi-rise senior building on the east side of the parcel. Garfield Senior contains 228 units for senior and disabled residents; all are one-bedroom units.

The following table shows the unit mix for the family and senior sites, as well as the unit counts for the entire property:

Property	Type	1BR	2BR	3BR	4BR	5BR	Total
Garfield Terrace Family	Apts.	0	4	36	0	1	41
	TH	0	0	1	8	0	9
		0	4	37	8	1	50
Garfield Senior	Apts.	228	0	0	0	0	
		228	0	0	0	0	228

Per the DCHA Capital Needs Assessment, prepared by Torti-Gallas Urban in 2018, the long-term capital need for this property is estimated to be \$7,785,089 for the family site and \$24,934,376 for the senior building in FY 2019 dollars. This equates to just over \$155,000 per unit for the family site and just over \$109,000 per unit for the senior building. The estimated annual cost for interim controls to provide encapsulation of lead-based paint across the entire site is \$3,135,775, which breaks down to \$627,000 for the family site and \$2,448, 156 for the senior building. Due to

the combination of the high-cost exposure for interim controls of lead-based paint and the high cost of deferred capital needs, this property has been placed on the urgent inventory list. The following list items identified as being life and safety hazards or severe physical distress:

### Health and Safety:

- Structural failures in the brick veneer of the senior building, including:
  - Spalling
  - Face separation
  - Cracks
  - Compression of courses at each floor line from ground level up to and including the 10<sup>th</sup> floor.
- Large sections of brick have pulled away from the building where it meets with the concrete roof decking creating an extremely dangerous condition for people on the ground around the building.
- Lead and asbestos abatement is required throughout the property
- Mold abatement is required throughout the property

### Severe Structural Distress:

- Sanitary lateral connection for the senior building must be replaced due to compression beneath building foundation.
- Sanitary lateral connections for the Terrace (family) buildings run under the buildings from unit-to-unit, causing severe disruption and dislocation to residents when they need to be replaced.
- Garfield Family and Senior share one central domestic hot water and heating water system (served from the Senior building).
- The boilers for the entire site (Senior and Terrace) are in the basement



# Garfield Senior and Terrace

2301 11<sup>th</sup> Street NW DC 20001

Ward 1 | ANC 1B

Neighborhood: Howard

2018 Capital Needs Assessment: \$32,809,465

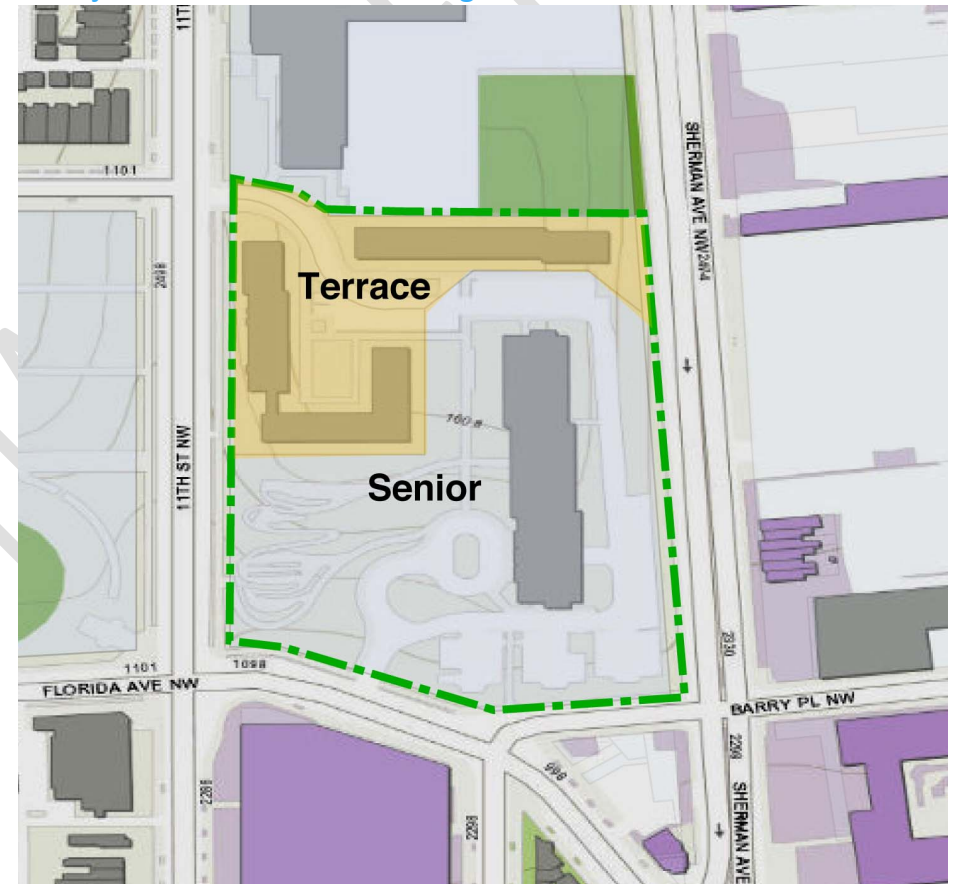
Annual Interim Controls Cost: \$3,125,156

Year Constructed: 1960

## Recommendation: Section 18 Redevelopment for Terrace (Family) Site and RAD Major Rehab for Senior Building

of the Senior building. The supply water is pumped under and through the senior building, as well as up the hill, to the Terrace to flow through individual heat exchangers in each unit, then return to the Senior building to be reheated and recirculated. This system has passed its expected life cycle by many years and has failed on numerous occasions due to ground settlement causing underground separations, collapse and holes.

- Six of the family townhouses are boarded and uninhabitable due to mold, mildew, and structural damage from piping failures.



Existing Condition Site Plan



# Garfield Senior and Terrace

2301 11<sup>th</sup> Street NW DC 20001

Ward 1 | ANC 1B

Neighborhood: Howard

2018 Capital Needs Assessment: \$32,809,465

Annual Interim Controls Cost: \$3,125,156

Year Constructed: 1960

## Recommendation: Section 18 Redevelopment for Terrace (Family) Site and RAD Major Rehab for Senior Building

### Current Zoning and Land Use:

Current zoning is RA-2 (Residential Apartment Zone-2) which provides for areas developed with predominately moderate-density residential.

limit the sites future use to residential, but will allow a height increase from the current 50 foot height limit to 90 feet + 20 feet of mechanical penthouse.

The current Garfield Senior Building exceeds 90 feet in height at its tallest point relative to grade.

Residential Buildings								
Zoning District	Floor Area Ratio (max.) <sup>1</sup>	Height (ft.) <sup>2,3,4</sup>	Penthouse Height (ft.)/ Stories	Lot Occupancy	Rear Yard (ft.)	Side Yard (ft.)	Green Area Ratio (min.)	Zoning Regulation Reference
RA-2	1.8	50	12 ft. / 15 ft. for mechanical	60%	15 ft.; or a distance equal to 4 in. per 1 ft. of principal building height	If provided, no less than 4 ft.	0.40	Subtitle F, Chapter 3

We are currently recommending to the DC Office of Planning to change the zoning for the Garfield Terrace and Senior sites to either RA-5 or MU-7. Either zoning classification will allow higher-density on the site and improve land value. RA-5 will



# Garfield Senior and Terrace

2301 11<sup>th</sup> Street NW DC 20001

Ward 1 | ANC 1B

Neighborhood: Howard

2018 Capital Needs Assessment: \$32,809,465

Annual Interim Controls Cost: \$3,125,156

Year Constructed: 1960

## Recommendation: Section 18 Redevelopment for Terrace (Family) Site and RAD Major Rehab for Senior Building

### Development Recommendation:

HUD's current per-unit Total Development Cost (TDC) limit for the District of Columbia is \$212,394 for a typical 2BR walk-up unit, and \$176,642 for a typical 1 bedroom unit in an elevator building (similar to the Garfield Senior Building). HUD generally considers a PHA to have met the threshold for obsolescence for a site when rehabilitation costs are at or above 57.14% of the TDC, or in this case \$121,362/unit for Garfield Terrace and \$100,933/unit for Garfield Senior. Given that the estimated cost for rehabilitation of the site is above the HUD TDC threshold for obsolescence, both sites would likely meet the obsolescence test for Section 18 Demolition and Disposition.

Since this is a hybrid site containing both low-rise family and high-rise senior units, we believe that the best course of action for this site is to pursue the Section 18 Demo Disposition process for the Terrace (family) site. Once approved by HUD, this will allow DCHA to obtain Tenant Protection Vouchers to allow the residents of the Terrace to move to safer, better housing conditions while redevelopment activities take place.

Once demolition of the Terrace is completed, we envision the development strategy to follow the proposed sequence:

**Phase I** is envisioned to include the relocation, demolition and redevelopment of the Terrace portion of the site in order to permit the development of a new, mixed-finance replacement senior building with the same number of units and mix as the current building. This project will require that DCHA partner with a developer to compete for LIHTC to provide a substantial portion of the project funding. When completed, the existing residents of the Garfield Senior building would move into this

new structure. The new structure will have its own utilities and HVAC systems, allowing it to operate independent of the existing senior building.

**Phase II** is envisioned to involve a RAD transaction to convert the existing building from Section 9 public housing to Section 8 project based rental assistance (PBRA). This transaction will allow the building to undergo a major rehabilitation utilizing mortgage debt and 4% LIHTC equity. We will also re-balance the unit mix in the property to include almost 20% of the unit count as 2 bedroom units to accommodate live-in caregivers and seniors taking care of grandchildren. The new structure, combined with the rehabilitated existing structure, will increase the unit count on site to 150% of the current unit count.





# Garfield Senior and Terrace

2301 11<sup>th</sup> Street NW DC 20001

Ward 1 | ANC 1B

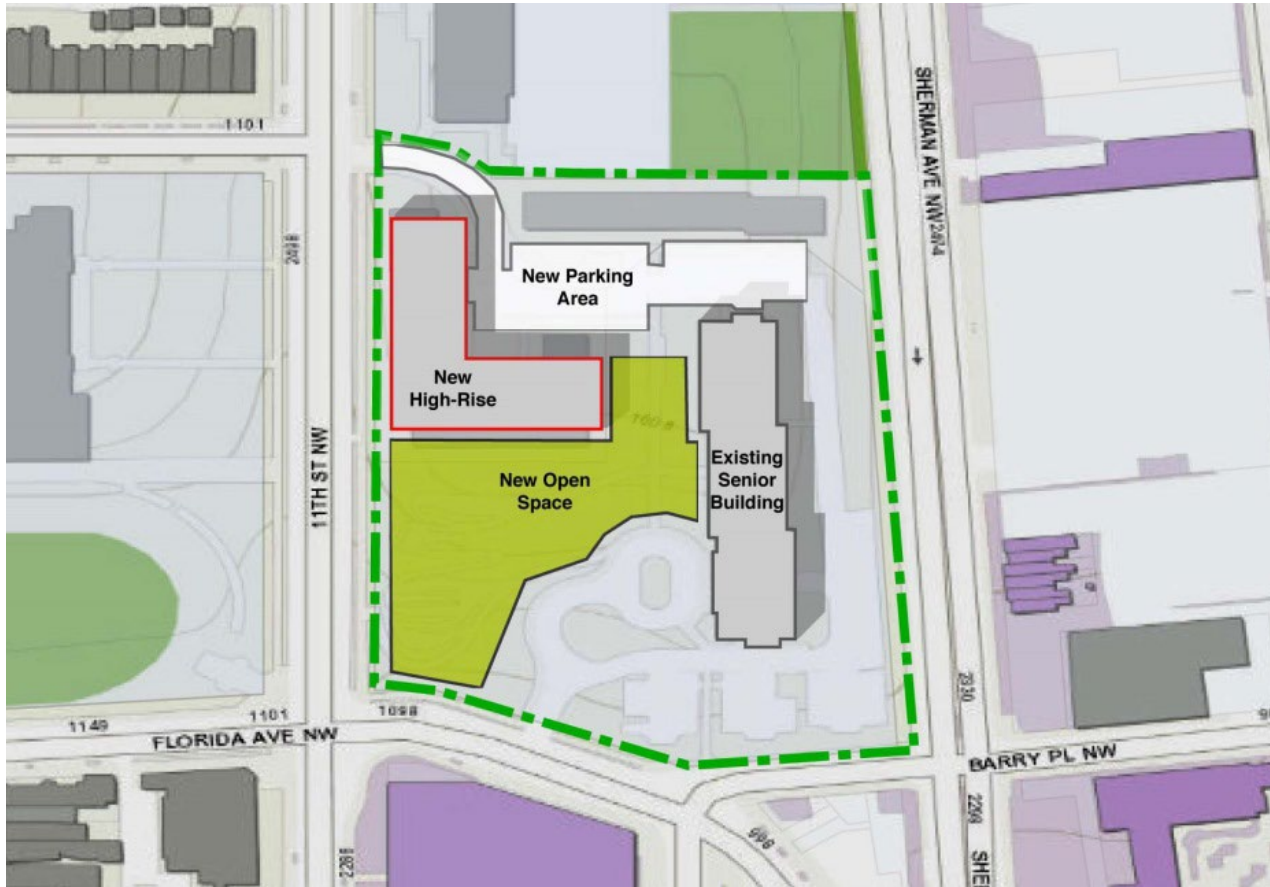
Neighborhood: Howard

2018 Capital Needs Assessment: \$32,809,465

Annual Interim Controls Cost: \$3,125,156

Year Constructed: 1960

Recommendation: Section 18 Redevelopment for Terrace (Family) Site and RAD Major Rehab for Senior Building



Garfield Terrace and Senior – Proposed Site Development Plan



# Garfield Senior and Terrace

2301 11<sup>th</sup> Street NW DC 20001

Ward 1 | ANC 1B

Neighborhood: Howard

2018 Capital Needs Assessment: \$32,809,465

Annual Interim Controls Cost: \$3,125,156

Year Constructed: 1960

**Recommendation: Section 18 Redevelopment for Terrace (Family) Site and RAD Major Rehab for Senior Building**  
**Phase-by-Phase Unit Mix and Financial Analysis:**

The following table shows the unit mix and sources and uses for Phase I (New Development):

## Garfield New Construction Highrise

With RAD TOA from Garfield Senior and 75/25 blend

### INPUTS

1. UNITS & RENTAL SUBSIDY						
	ACC	RAD	PBVs	LIHTC-only	MARKET	TOTAL
Efficiency	0	0	0	0	0	0
1 bedrooms	0	9	61	158	0	228
2 bedrooms	0	0	0	0	0	0
3 bedrooms	0	0	0	0	0	0
4 bedrooms	0	0	0	0	0	0
5+ bedrooms	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>9</b>	<b>61</b>	<b>158</b>	<b>0</b>	<b>228</b>
LIHTC rents at	60%					
FMR	110%					

### OUTPUTS

USES	Total	per unit
Building Acquisition	\$0	\$0
Land Acquisition	\$325,599	\$1,428
Hard Costs	\$51,785,811	\$227,131
Soft Costs	\$12,946,453	\$56,783
Developer Fee	\$9,709,840	\$42,587
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$74,767,702</b>	<b>\$327,929</b>
<b>Permanent Sources</b>	<b>Total</b>	
Seller note	\$325,599	0%
4% LIHTC	\$18,751,223	25%
Permanent Mortgage	\$19,006,391	25%
Deferred fee	\$4,854,920	6%
<b>GAP</b>	<b>\$31,829,569</b>	<b>43%</b>
<b>TOTAL SOURCES</b>	<b>\$74,767,702</b>	<b>100%</b>

<b>50% test</b>		
Basis	\$61,495,651	
Min Bond	\$33,822,608	
Construction costs	\$51,785,811	84%

### MANUAL INPUT

### CALCULATION

### 2. COSTS

Building Acquisition costs (exc. land)	\$0
Land Costs	\$325,599
Rehab/construction costs per unit	\$189,750
QCT	NO

### 3. SOURCES

4% LIHTC	
Tax Credit price	\$0.95
Permanent loan terms	
Interest rate	4.25%
amortization	40
DSCR	1.15
Max LTV	90%
cap rate	6%
Max % fee deferred	50%

### 4. Other assumptions

GC markups	14%	of const. costs
Hard cost contingency	5%	
soft costs (excluding dev fee)	25%	of hard costs
Developer fee - construction	15%	
Developer fee - acquisition	5%	



# Garfield Senior and Terrace

2301 11<sup>th</sup> Street NW DC 20001

Ward 1 | ANC 1B

Neighborhood: Howard

2018 Capital Needs Assessment: \$32,809,465

Annual Interim Controls Cost: \$3,125,156

Year Constructed: 1960

## Recommendation: Section 18 Redevelopment for Terrace (Family) Site and RAD Major Rehab for Senior Building

### The Garfield High Rise Gut Rehab

rehab of Garfield Senior with the 50 TPVs from Garfield Terrace and the rest LIHTCs

#### MANUAL INPUT

#### CALCULATION

#### INPUTS

##### 1. UNITS & RENTAL SUBSIDY

	ACC	RAD	PBVs	LIHTC-only	MARKET	TOTAL
Efficiency	0	0	0	0	0	0
1 bedrooms	0	162	0	0	0	162
2 bedrooms	0	0	36	0	0	36
3 bedrooms	0	0	0	0	0	0
4 bedrooms	0	0	0	0	0	0
5+ bedrooms	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>162</b>	<b>36</b>	<b>0</b>	<b>0</b>	<b>198</b>

LIHTC rents at	60%
FMR	110%

##### 2. COSTS

Building Acquisition costs (exc. land)	\$12,742,272
Land Costs	\$1,484,731
Rehab/construction costs <b>per unit</b>	\$191,813
QCT	NO

##### 3. SOURCES

4% LIHTC	
Tax Credit price	\$0.95
Permanent loan terms	
Interest rate	4.25%
amortization	40
DSCR	1.15
Max LTV	90%
cap rate	6%
Max % fee deferred	50%

##### 4. Other assumptions

GC markups	14%	of const. costs
Hard cost contingency	10%	
soft costs (excluding dev fee)	25%	of hard costs
Developer fee - construction	15%	
Developer fee - acquisition	5%	

#### OUTPUTS

USES	Total	per unit
Building Acquisition	\$12,742,272	\$64,355
Land Acquisition	\$1,484,731	\$7,499
Hard Costs	\$47,625,509	\$240,533
Soft Costs	\$11,906,377	\$60,133
Developer Fee	\$9,566,897	\$48,318
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$83,325,786</b>	<b>\$420,837</b>

Permanent Sources	Total	
Seller note	\$14,227,003	17%
4% LIHTC	\$21,324,447	26%
Permanent Mortgage	\$8,936,531	11%
Deferred fee	\$4,783,448	6%

<b>GAP</b>	<b>\$34,054,356</b>	<b>41%</b>
<b>TOTAL SOURCES</b>	<b>\$83,325,786</b>	<b>100%</b>

<b>50% test</b>		
Basis	\$69,934,678	
Min Bond	\$38,464,073	
Construction costs	\$47,625,509	68%



# Greenleaf Gardens and Additions

203 N St. SW, Washington DC 20024

Ward 6 | ANC 6D

Neighborhood: SW Waterfront

2018 Capital Needs Assessment: \$139,151,773

Annual Interim Controls Cost: \$3,156,150

Year Constructed: 1959

## Recommendation: Section 18 Mixed-Finance Phased Redevelopment

### Existing Conditions:

Greenleaf Gardens located in Ward 6 in the District's Southwest quadrant and is on a 10- acre site with 493 public housing units. In the 1950s, city planners and the federal government seized a substantial portion of land in Southwest through eminent domain. This seizure set the stage for a massive redevelopment of the neighborhood during the 1950s and 1960s. The rebuilt quadrant was dominated by Brutalist office and residential buildings, with some of the underlying land now owned by the District or the federal government.

Since the late 1990s, the District has guided an ambitious revitalization of the Anacostia waterfront located in the Southeast and Southwest quadrants of Washington, D.C. District leaders, recognizing an opportunity to create a world-class waterfront city, brought together the District and 19 participating federal agencies to form The Anacostia Waterfront Initiative ("the AWI"). The AWI, along with the DC Office of Planning, identified five items necessary to the successful revitalization of the waterfront and the surrounding region – a clean and active river, ease of access, a riverfront park system, a distinct cultural character, and strong waterfront neighborhoods. The AWI's efforts have spurred a number of major economic development and redevelopment projects along the Anacostia River. The Anacostia Waterfront Framework Plan, completed in 2003 and updated periodically, continues to guide the redevelopment of the waterfront and properties in close proximity to the site.

In 2013, the District's Office of Planning engaged the community in the Small Area Planning process for the government-owned sites and received overwhelming support to keep affordable housing, specifically for Greenleaf Gardens families, in the

neighborhood. Shortly thereafter, DCHA engaged the residents and community stakeholders by holding several educational sessions and design charrettes with the Master Planning Team of Perkins-Eastman and HR&A Advisors to develop a concept plan that DCHA can build upon to implement the overall transformation of the Greenleaf Gardens neighborhood.

The following table shows the unit mix:

Property	1BR	2BR	3BR	4BR	5BR	Total
Greenleaf Family	7	97	7	0	0	111
Greenleaf Senior	59	157	0	0	0	216
Greenleaf Gardens	0	0	72	38	20	130
Greenleaf Extension	0	0	0	4	0	4
Greenleaf Additions	0	24	3	5	0	32
TOTAL	66	278	82	47	20	493

All existing properties on the site were built in 1959, are physically obsolete, and have high maintenance costs. As a result, the site presents a prime opportunity for



# Greenleaf Gardens and Additions

203 N St. SW, Washington DC 20024

Ward 6 | ANC 6D

Neighborhood: SW Waterfront

2018 Capital Needs Assessment: \$139,151,773

Annual Interim Controls Cost: \$3,156,150

Year Constructed: 1959

## Recommendation: Section 18 Mixed-Finance Phased Redevelopment

redevelopment. Since 1996, DCHA has invested more than \$19.9 million of its limited capital improvement budget into properties on the site. These investments have not been and will not be sufficient to carry out necessary maintenance and improvements. In order to provide residents with quality housing, it is imperative that the current Greenleaf site buildings be redeveloped and modernized.

Per the DCHA Capital Needs Assessment, prepared by Torti-Gallas Urban in 2018, the long-term capital need for this property is estimated to be \$139,151,773 in FY 2019 dollars, or over \$282,000 per unit. The estimated annual cost for interim-controls to provide encapsulation of lead-based paint is \$3,156,150. Due to the combination of the high-cost exposure for interim controls of lead-based paint and the high cost of deferred capital needs, this property has been placed on the urgent inventory list.

The following list items identified as being life and safety hazards or severe physical distress:

### Life and Safety Hazards

- There are many instances of smoke and carbon monoxide detectors non-functioning or missing.
- Lighting fixtures and receptacles are at the end of their anticipated useful life and must be replaced.
- Pest infestation is widespread.
- Cracked and raised concrete sidewalks are widespread.
- Lead paint has been detected in units, common areas and exterior areas of the sites.

### Severe Structural Distress

- Waste vent pipes are severely deteriorated and must be replaced.
- HVAC systems are generally at the end of their useful lifespan and must be replaced
- The townhouse and family mid-rise have inadequate electrical panels; must be replaced
- Kitchens and baths are generally at the end of their useful life and must be replaced.



# Greenleaf Gardens and Additions

203 N St. SW, Washington DC 20024

Ward 6 | ANC 6D

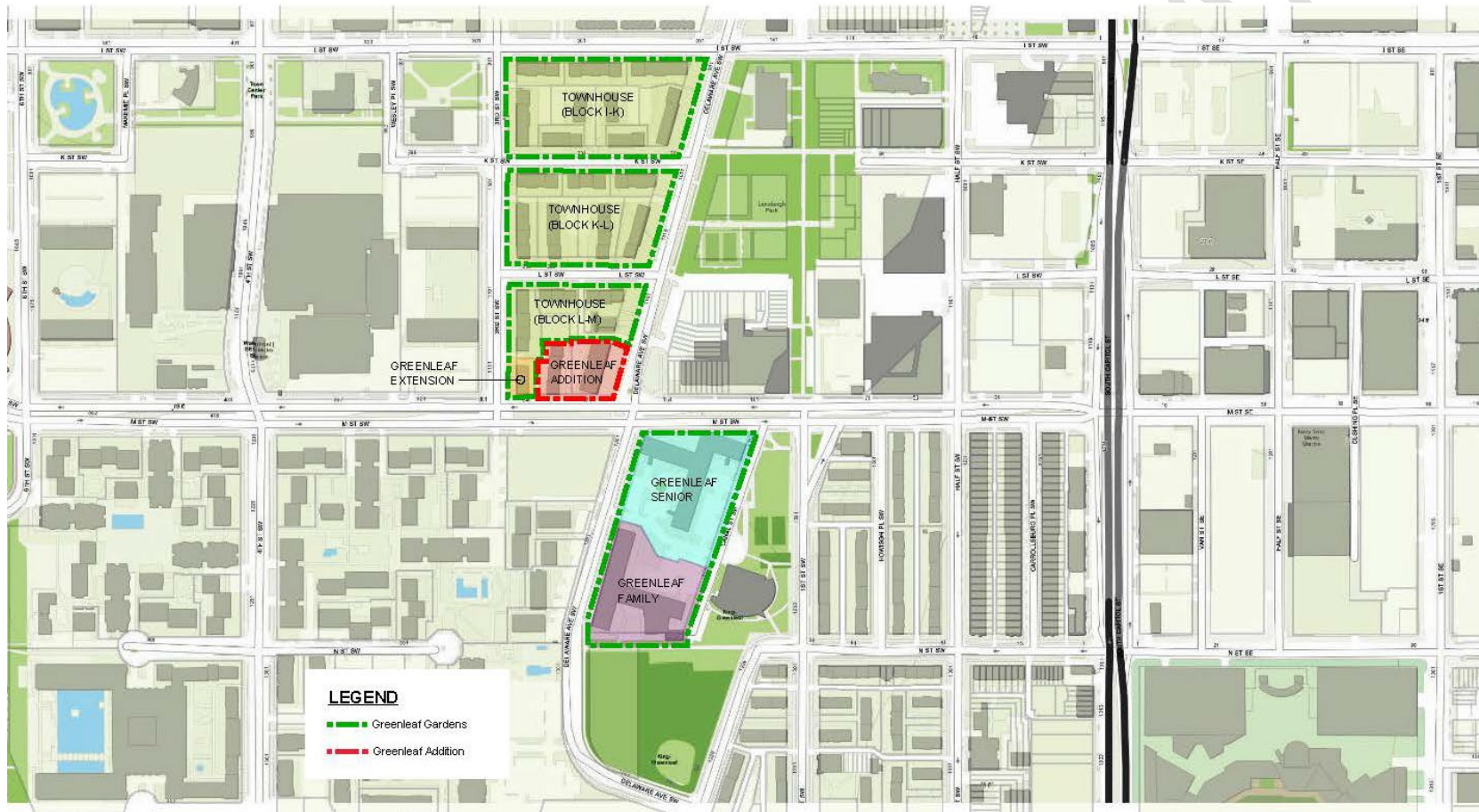
Neighborhood: SW Waterfront

2018 Capital Needs Assessment: \$139,151,773

Annual Interim Controls Cost: \$3,156,150

Year Constructed: 1959

Recommendation: Section 18 Mixed-Finance Phased Redevelopment



Greenleaf Existing Conditions Site Plan



# Greenleaf Gardens and Additions

203 N St. SW, Washington DC 20024

Ward 6 | ANC 6D

Neighborhood: SW Waterfront

2018 Capital Needs Assessment: \$139,151,773

Annual Interim Controls Cost: \$3,156,150

Year Constructed: 1959

**Recommendation: Section 18 Mixed-Finance Phased Redevelopment**

## Current Zoning and Land Use:

### Current zoning is **RA-1**. (M Street to I Street)

- Permits low- to moderate-density development, including detached dwellings, row houses, and low-rise apartments.
- Zoning purpose is to protect quiet residential areas now developed with detached dwellings and adjoining vacant areas likely to be developed for those purposes; stabilize the residential areas and to promote a suitable environment for family life.

Zoning	FAR	Max Height (ft)	Stories	Max. Lot Occupancy	Rear Yard Setback (ft)	Side Setback (ft)	Green Area Ratio (min.)
RA-1	0.90	40	3	40%	20	8	.40

### Current zoning is **RA-2**. (M Street to N Street)

- Permit flexibility of design by permitting all types of urban residential development if they conform to the height, density, and area requirements established for these districts; and
- Permit the construction of those institutional and semi-public buildings that would be compatible with adjoining residential uses and that are excluded from the more restrictive residential zones.

Zoning	FAR	Max Height (ft)	Stories	Max. Lot Occupancy	Rear Yard Setback (ft)	Side Setback (ft)	Green Area Ratio (min.)
RA-2	1.8	50	4	60%	15	4	.40



# Greenleaf Gardens and Additions

203 N St. SW, Washington DC 20024

Ward 6 | ANC 6D

Neighborhood: SW Waterfront

2018 Capital Needs Assessment: \$139,151,773

Annual Interim Controls Cost: \$3,156,150

Year Constructed: 1959

## Recommendation: Section 18 Mixed-Finance Phased Redevelopment

### Development Recommendation:

In July 2015, the city government approved the Southwest Neighborhood Plan, a long-term vision for the neighborhood. The document described existing conditions and arranged objectives around seven key concepts, such as 'modernist gem', 'model community', and 'thriving town center'. The Greenleaf properties lie at the center of the plan's primary focus area, a corridor between M Street and I Street running from Maine Avenue to South Capitol Street. The plan notes that substantial development is in the pipeline and that the number of residents will grow from 12,000 in 2013 to 15,000 in 2023. The plan aims to channel this growth to revitalize the Southwest. The plan was developed through a community-based process that involved extensive outreach, three focus groups, and two meetings specifically for DCHA Greenleaf residents.

Building from the framework of the approved Southwest Neighborhood Plan, the master plan for Greenleaf concentrates density along the main streets, M Street, and Delaware Avenue, with townhomes to the rear in the neighborhood. This approach helps ensure that the taller new buildings fit with the character of the community and do not directly abut low-rise buildings on surrounding properties. The plan includes improvements to the surrounding greenspace to better connect it with a revitalized Greenleaf community, building large pedestrian paths in those blocks where K and First Street were de-mapped as part of urban renewal efforts in the 1950's.

The goals for the redevelopment of Greenleaf were created through discussion with DCHA, and input from Greenleaf residents and Southwest community members in multiple public meetings. The following distills DCHA's key criteria and the numerous comments from participants into **five key goals for the redevelopment of Greenleaf**.

- **Replace Affordable Housing:** The full redevelopment of Greenleaf will include at least 493 dedicated affordable units to fully replace the existing 493 units at the same level of affordability.
- **Minimize Relocation:** Construction of the new development will minimize the number of moves existing residents must make. Redevelopment of the site will allow residents to move from their current unit straight to the new replacement unit.
- **Zero Displacement:** Through both a build-first strategy and ensuring that units are appropriately sized for current residents' needs, redevelopment of the Site will enable all existing residents to stay in Southwest throughout the development process.
- **Mixed-Income Development:** The new development will be a mix of affordable and market-rate units, with a one-for-one replacement of existing affordable units, new market rate units, and, as possible, the inclusion of workforce housing.
- **Improve Public Safety:** Through careful design and redevelopment, the new development will increase public safety in the surrounding community by increasing activity on streets and in public spaces.
- **Neighborhood Integration:** The new development will create a diverse Greenleaf community that is incorporated into the surrounding neighborhood, strengthens the economic vitality of the area and supports the functions of daily life including education, recreation, retail and community facilities.
- **Support Development of Human Capital:** This redevelopment project will incorporate a human services delivery system to help meet the needs of the residents of the new community and the surrounding neighborhood, including training and employment opportunities as well as community and supportive



# Greenleaf Gardens and Additions

203 N St. SW, Washington DC 20024

Ward 6 | ANC 6D

**Neighborhood: SW Waterfront**

**2018 Capital Needs Assessment: \$139,151,773**

**Annual Interim Controls Cost: \$3,156,150**

**Year Constructed: 1959**

## Recommendation: Section 18 Mixed-Finance Phased Redevelopment

service programs for public housing residents. DCHA will be responsible for the human services delivery

A phased approach has been considered for development and would be necessary for such a large development as the new Greenleaf for the following reasons:

- Phased development is required to do build-first and minimize disruption to existing residents;
- The market will require multiple years to absorb the units delivered at the new Greenleaf, making a phased approach desirable; and,
- It is difficult to secure sufficient capital to do a development of the size of the new Greenleaf in a single phase.



# Greenleaf Gardens and Additions

203 N St. SW, Washington DC 20024

Ward 6 | ANC 6D

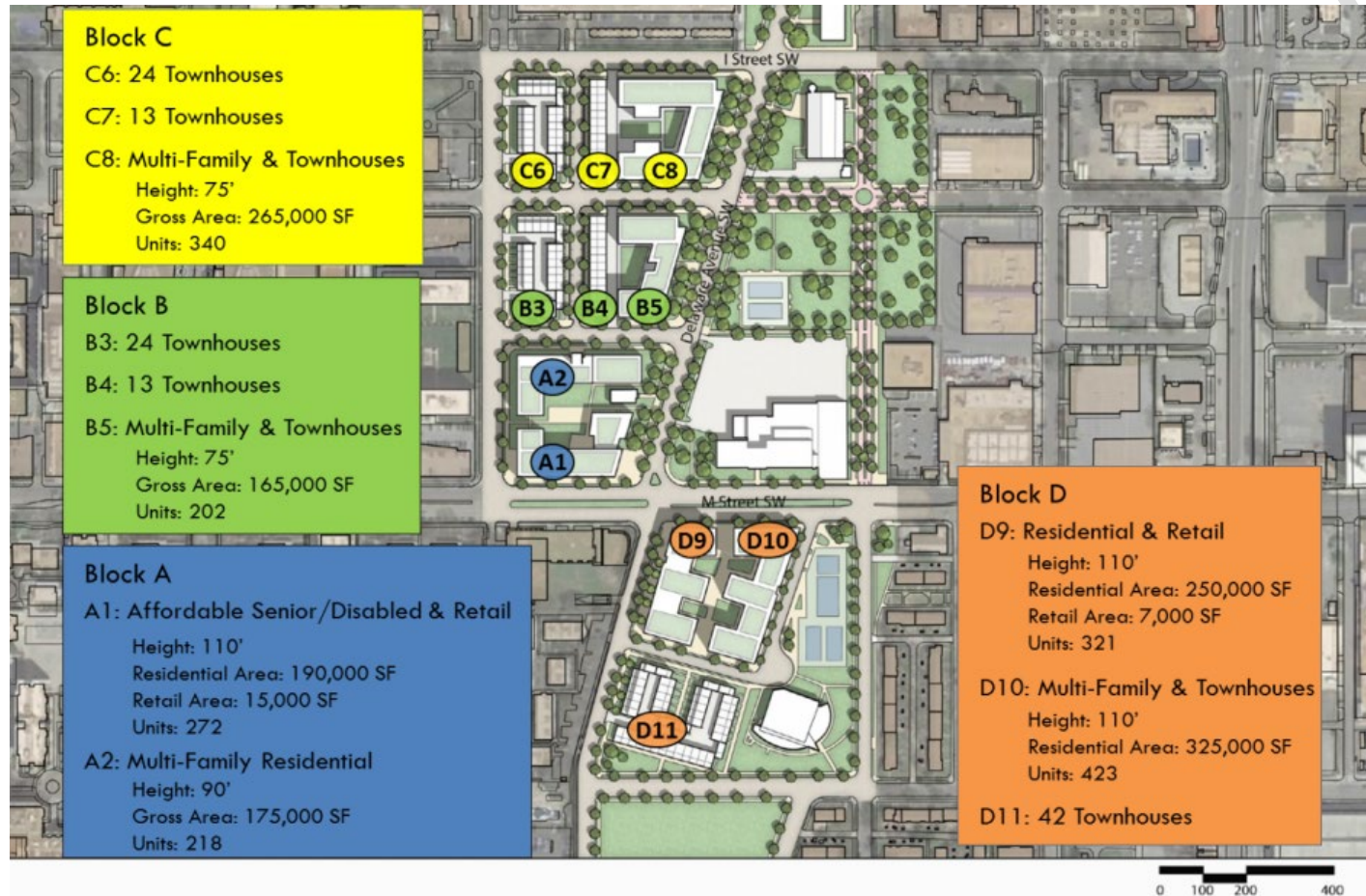
Neighborhood: SW Waterfront

2018 Capital Needs Assessment: \$139,151,773

Annual Interim Controls Cost: \$3,156,150

Year Constructed: 1959

Recommendation: Section 18 Mixed-Finance Phased Redevelopment



## Greenleaf Master Plan



# Greenleaf Gardens and Additions

203 N St. SW, Washington DC 20024

Ward 6 | ANC 6D

Neighborhood: SW Waterfront

2018 Capital Needs Assessment: \$139,151,773

Annual Interim Controls Cost: \$3,156,150

Year Constructed: 1959

Recommendation: Section 18 Mixed-Finance Phased Redevelopment

## Phase-by-Phase Unit Mix and Financial Analysis:

The following table shows the unit mix and sources and uses for Phase I (New Development):

### Greenleaf Phase 1

#### INPUTS

150

##### 1. UNITS & RENTAL SUBSIDY

	ACC	RAD	PBVs	LIHTC-only	MARKET	TOTAL
Efficiency	0	0	0	0	0	0
1 bedrooms	0	0	0	0	0	0
2 bedrooms	0	0	4	12	0	16
3 bedrooms	0	0	27	107	0	134
4 bedrooms	0	0	0	0	0	0
5+ bedrooms	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>31</b>	<b>119</b>	<b>0</b>	<b>150</b>

LIHTC rents at	50%
FMR	100%

#### OUTPUTS

USES	Total	per unit
Building Acquisition	\$0	
Land Acquisition	\$9,000,000	\$60,000
Hard Costs	\$45,949,538	\$306,330
Soft Costs	\$11,487,385	\$76,583
Developer Fee	\$7,466,800	\$49,779
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$73,903,723</b>	<b>\$492,691</b>
<b>Permanent Sources</b>	<b>Total</b>	
Seller note	\$9,000,000	12%
4% LIHTC	\$22,767,729	31%
Permanent Mortgage	\$17,520,962	24%
Deferred fee	\$3,733,400	5%
<b>GAP</b>	<b>\$20,881,631</b>	<b>28%</b>
<b>TOTAL SOURCES</b>	<b>\$73,903,723</b>	<b>100%</b>

<b>50% test</b>		
Basis	\$54,565,077	
Min Bond	\$30,010,792	
Construction costs	\$45,949,538	84%

#### MANUAL INPUT

#### CALCULATION

##### 2. COSTS

Building Acquisition costs (exc. land)	\$0
Land Costs	\$9,000,000
Rehab/construction costs per unit	\$255,915
QCT	YES

##### 3. SOURCES

4% LIHTC	
Tax Credit price	\$1.00
Permanent loan terms	
Interest rate	4.25%
amortization	40
DSCR	1.15
Max LTV	90%
cap rate	6%
Max % fee deferred	50%

##### 4. Other assumptions

GC markups	14%	of const. costs
Hard cost contingency	5%	
soft costs (excluding dev fee)	25%	of hard costs
Developer fee - construction	15%	
Developer fee - acquisition	5%	



# Judiciary House

461 H Street NW, Washington, DC  
Ward 2 - Jack Evans | ANC 2C

Neighborhood: H Street - Chinatown

2018 Capital Needs Assessment: \$13,153,316

Annual Interim Controls Cost: \$0

Year Constructed: 1966

## Recommendation: RAD Minor Rehab Existing Conditions

The Judiciary House consists of one ten-story, high-rise building for seniors and the management office is located on the first floor. The site is relatively flat and negotiable by physically disabled persons and measures have been implemented to meet Americans with Disability Act requirements.

The public spaces including the main lobby, corridors and dwelling units were renovated approximately five years ago and these spaces and units are mostly in fair to good condition.

### Common Areas include:

- An entry vestibule, a public Lobby with Security Guard/Reception Area/elevators, and a mail room
- A manager's office
- Basement area incorporating a billiard room, community dining room, offices, recreation and fitness center with ADA compliant toilet facilities. The mechanical/boiler room area is also located in the basement
- Elevator lobby and corridors on each floor
- Top-floor storage room

### Existing Unit Mix

Property	0BR	1BR	2BR	3BR	4BR	5BR	6BR	Total
	149	120	2					
Total								271

Per the DCHA Capital Needs Assessment, prepared by Torti-Gallas Urban in 2018, the long-term capital need for this property is estimated to be \$13,153,316 in FY 2019 dollars, or roughly \$48,500 per unit. There was no lead-hazard or other environmental concern for this building with the exception of an extremely-high prevalence of rodent and insect infestation. The high cost of deferred capital needs, combined with the presence of a resident rodent population that must be eradicated, leads DCHA to place this property on the extremely-urgent inventory list.

The following list items identified as being life and safety hazards or severe physical distress:

### Life and Safety Hazards

- Eradicate rodent and insect infestation at building.
- Repair structural failure in concrete slab at top of underground parking garage.
- Replace roof membrane, eliminate ponding and investigate and repair any substrate damage at roof slab.
- Install GFI outlets and vent fans in all unit bathrooms.

### Severe Structural Distress

- Replace HVAC fan-coil units in all apartment units and replace HVAC service risers.
- Replace sanitary waste and vent risers in building.
- Replace electrical risers and receptacles.
- Replace unit kitchens and bathrooms.



# Judiciary House

461 H Street NW, Washington, DC  
Ward 2 - Jack Evans | ANC 2C

Neighborhood: H Street - Chinatown

2018 Capital Needs Assessment: \$13,153,316

Annual Interim Controls Cost: \$0

Year Constructed: 1966

Recommendation: RAD Minor Rehab



Judiciary House Location Plan



# Judiciary House

461 H Street NW, Washington, DC  
Ward 2 - Jack Evans | ANC 2C

Neighborhood: H Street - Chinatown

2018 Capital Needs Assessment: \$13,153,316

Annual Interim Controls Cost: \$0

Year Constructed: 1966

## Recommendation: RAD Minor Rehab Current Zoning and Land Use

Zoning: D-1-R

Residential and Mixed-Use Buildings								
District	Floor Area Ratio (maximum) <sup>1</sup>	Height (feet) <sup>2</sup>	Penthouse Height (ft.)/Stories	Lot Occupancy (percentage) <sup>3</sup>	Rear Yard (ft.)	Side Yard (ft.)	Green Area Ratio	Zoning Regulation Reference
D-1-R	6.0 (2.0 minimum residential)	90	20	100	2.5 in. per 1 ft. of vertical distance from the mean finished grade at the middle of the rear of the structure to the highest point of the main roof or parapet, but not less than 12 ft.	If provided, at least 2 in. wide for each 1 ft. of height of building but no less than 5 ft.	0.2	Subtitle I, Chapter 5

## Development Recommendation

The work required for Judiciary House to achieve 20-year viability falls within the category of moderate rehab. The estimated hard costs involved with the rehabilitation are approximately \$15.1 million.

During the rehabilitation process relocation will be required for up to 30-day intervals per 20-unit double-unit stack to allow for hazardous materials abatement and replacement of major systems and finishes. Major cost components of the required work are listed below:

- **Rodent and Vermin Infestation** - exterminate vermin and insects, plug holes in basement walls to block entry points, plug slabs floor-to-floor at risers.
- **Bathrooms** - Replace fixtures
- **Kitchens** - Replace cabinets, countertops, appliances and finishes
- **Finishes** - Replace flooring throughout units, patch walls and paint
- **Sitework** - Repair parking deck roof and repave rear lot
- **HVAC** - Replace HVAC PTAC units
- **HVAC** - Replace HVAC riser piping
- **Electrical** - Replace building electrical risers and unit service panels, install new carbon monoxide and smoke-detectors



# Judiciary House

461 H Street NW, Washington, DC  
Ward 2 - Jack Evans | ANC 2C

Neighborhood: H Street - Chinatown

2018 Capital Needs Assessment: \$13,153,316

Annual Interim Controls Cost: \$0

Year Constructed: 1966

## Recommendation: RAD Minor Rehab

### Unit Mix and Financial Analysis:

The following table shows the unit mix and sources and uses for Judiciary House:

#### Judiciary House RAD

##### INPUTS

###### 1. UNITS & RENTAL SUBSIDY

	ACC	RAD	PBVs	LIHTC-only	MARKET	TOTAL
Efficiency	0	149	0	0	0	149
1 bedrooms	0	55	65	0	0	120
2 bedrooms	0	0	2	0	0	2
3 bedrooms	0	0	0	0	0	0
4 bedrooms	0	0	0	0	0	0
5+ bedrooms	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>204</b>	<b>67</b>	<b>0</b>	<b>0</b>	<b>271</b>

LIHTC rents at	50%
FMR	110%

##### OUTPUTS

USES	Total	per unit
Building Acquisition	\$61,699,080	\$227,672
Land Acquisition	\$16,692,910	\$61,597
Hard Costs	\$20,390,040	\$75,240
Soft Costs	\$5,097,510	\$18,810
Developer Fee	\$6,908,087	\$25,491
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$110,787,627</b>	<b>\$408,810</b>

Permanent Sources	Total	
Seller note	\$78,391,990	71%
4% LIHTC	\$27,136,984	24%
Permanent Mortgage	\$5,258,652	5%
Deferred fee	\$0	0%
<b>GAP</b>	<b>\$0</b>	<b>0%</b>
<b>TOTAL SOURCES</b>	<b>\$110,787,627</b>	<b>100%</b>

<b>50% test</b>		
Basis	\$88,997,207	
Min Bond	\$48,948,464	
Construction costs	\$20,390,040	23%

##### MANUAL INPUT CALCULATION

###### 2. COSTS

Building Acquisition costs (exc. land)	\$61,699,080
Land Costs	\$16,692,910
Rehab/construction costs per unit	\$60,000
QCT	NO

###### 3. SOURCES

4% LIHTC	
Tax Credit price	\$0.95
Permanent loan terms	
Interest rate	4.25%
amortization	40
DSCR	1.15
Max LTV	90%
cap rate	6%
Max % fee deferred	50%

###### 4. Other assumptions

GC markups	14%	of const. costs
Hard cost contingency	10%	
soft costs (excluding dev fee)	25%	of hard costs
Developer fee - construction	15%	
Developer fee - acquisition	5%	



# Kelly-Miller and LeDroit

Kelly Miller: 2125 4<sup>th</sup> Street, NW Washington D.C

LeDroit Apartments: 234 W Street, N.W. Washington, DC

Ward 1 – Brianne Nadeau | ANC 1B

**Neighborhood: LeDroit Park**

**2018 Capital Needs Assessment: \$33,086,205**

**Annual Interim Controls Cost: \$3,135,775**

**Year Constructed: LeDroit – 1965 | Kelly-Miller - 1941**

## Recommendation: Combination of Section 18 Mixed-Finance Redevelopment and RAD Minor Rehab

### Existing Conditions:

#### Kelly Miller

Built in 1941, the Kelly Miller family housing complex comprises 12 individual buildings flanked by W Street, NW, on the north, V Street, NW on the south and 4th Street, NW, serving the complex on the west side. The complex contains five townhouse buildings and seven walk up apartments. Most of the buildings are oriented east-west and form pedestrian courts between the building blocks. The 12 buildings on site, house 169 units containing a mix of studio, one-, two- and three-bedroom units. Parking is limited to spaces provided along the alley between W Street and V Street and some along the alley connecting V Street and Oakdale Street. The management office is located on 234 W Street, NW.

The townhouses are two-storied and the walk up apartments are three-storied masonry structures. Common areas in the buildings include a Community Room with kitchen facilities, and a computer training room located in a basement. Utilities, e.g., boiler room and electrical room, etc. are located in the basements. The townhouses are on a crawl space while the walk ups have full basements. The basements in the walk ups have concrete floor slabs and ceilings. Both building types have flat roofs. Windows are aluminum single hung windows.

The units in the townhouse buildings have all been renovated and are in good condition. The units in the walk-ups are in fair to poor condition.

#### LeDroit

LeDroit Apartments are located at W Street and 4th Street, NW.. The mailing address for the property management office is: 234 W Street, N.W. Washington, DC.

LeDroit Apartments consist of one six-story building for the seniors and two walk-up apartment buildings for family occupancy. The management office is located on the first floor of the Senior Building.

The senior building contains 106 one-bedroom units and the two walk-up buildings contain twelve (12) and six (6) three-bedroom units respectively. Common public space in the senior building includes a central lobby, an office, community room and a resident council office. Common public space in the walk-up apartment buildings is limited to the public stairs. Play equipment exists at the rear of the two walk-up apartment buildings.

The main building entrance for senior building fronts 4th street and the rear alley. A secondary building entrance faces the parking lot on the west side. This parking lot is accessed from W Street and the rear alley. Access to the walk-up apartment buildings is from 4th Street and W Street entrance.

#### Summary

Per the DCHA Capital Needs Assessment, prepared by Torti-Gallas Urban in 2018, the long-term capital need for these two properties is estimated to be \$24,091,234 for Kelly Miller in FY 2019 dollars, or almost \$143,000 per unit; and \$6,617,632 for LeDroit in FY 2019 dollars, or over \$53,368 per unit. The estimated annual cost for interim-controls to provide encapsulation of lead-based paint is \$224,745. The cost of long-term financial exposure to interim-controls is not high relative to other projects, but the high cost of deferred capital needs, particularly at the walk-up buildings at Kelly-Miller has been placed on the extremely-urgent inventory list.

The following list items identified as being life and safety hazards or severe physical distress:



# Kelly-Miller and LeDroit

Kelly Miller: 2125 4<sup>th</sup> Street, NW Washington D.C

LeDroit Apartments: 234 W Street, N.W. Washington, DC

Ward 1 – Brianne Nadeau | ANC 1B

Neighborhood: LeDroit Park

2018 Capital Needs Assessment: \$33,086,205

Annual Interim Controls Cost: \$3,135,775

Year Constructed: LeDroit – 1965 | Kelly-Miller - 1941

**Recommendation: Combination of Section 18 Mixed-Finance Redevelopment and RAD Minor Rehab**

## Life and Safety Hazards

- Kelly-Miller
  - Repair and/or replace broken and raised concrete walks around site, remove tripping hazards.
  - Install handrails where missing
  - Install 150 feet of new safety fence at retaining wall along V Street
- LeDroit Apartments
  - Repair and/or replace broken and raised concrete walks around site, remove tripping hazards.
  - Replace damaged ceilings at former water leaks in bathrooms and kitchens
  - Lead paint has been detected on balcony railing and other exterior components.

## Severe Physical Distress

- Kelly-Miller
  - Sanitary waste and vent pipes are severely deteriorated and must be replaced.
  - HVAC systems are old and obsolete, replace.
  - Replace electrical panels, wiring and receptacles.
  - Kitchens are at the end of their useful life and must be replaced.
- LeDroit Apartments
  - Sanitary waste and vent pipes are severely deteriorated and must be replaced.
  - HVAC systems are old and obsolete, replace.
  - Kitchens are at the end of their useful life and must be replaced.



# Kelly-Miller and LeDroit

Kelly Miller: 2125 4<sup>th</sup> Street, NW Washington D.C

LeDroit Apartments: 234 W Street, N.W. Washington, DC

Ward 1 – Brianne Nadeau | ANC 1B

Neighborhood: LeDroit Park

2018 Capital Needs Assessment: \$33,086,205

Annual Interim Controls Cost: \$3,135,775

Year Constructed: LeDroit – 1965 | Kelly-Miller - 1941

**Recommendation: Combination of Section 18 Mixed-Finance Redevelopment and RAD Minor Rehab**

## Unit Count

			0 bdrm	1 bdrm	2bdrm	3bdrm	
LeDroit	Address	Type	T	T	T	T	Total Units
A	414 W St NW	Walk Up	0	0	0	6	6
B	400 W St NW	Walk Up	0	0	0	6	6
C	2126 4th St NW	Walk Up	0	0	0	6	6
D	2125 4th St NW	Seniors	0	106	0	0	106
Total			0	106	0	18	124

			0 bdrm	1 bdrm	2bdrm	3bdrm	
Kelly Miller			T	T	T	T	Total Units
1	420 W St. NW	Walk Up	12	0	3	0	15
2	240 W St. NW	Walk Up	0	6	9	3	18
3	236 W St. NW	Walk Up	6	0	12	0	18
4	230 W St. NW	Walk Up	0	6	9	3	18
5	2101 4th St NW	Townhome	0	0	6	2	8
6	273 V St NW	Townhome	0	0	6	2	8
7	257 V St NW	Townhome	0	0	6	2	8
8	253 V St NW	Walk Up	0	6	9	3	18
9	249 V St NW	Walk Up	0	6	9	3	18
10	233 V St NW	Townhome	0	0	6	2	8
11	217 V St NW	Townhome	0	0	6	2	8
12	334 V St. NW	Walk Up	0	0	0	0	0
Total			18	24	81	22	145

Kelly Miller

LeDroit



# Kelly-Miller and LeDroit

Kelly Miller: 2125 4<sup>th</sup> Street, NW Washington D.C  
 LeDroit Apartments: 234 W Street, N.W. Washington, DC  
 Ward 1 – Brianne Nadeau | ANC 1B

Neighborhood: LeDroit Park  
 2018 Capital Needs Assessment: \$33,086,205  
 Annual Interim Controls Cost: \$3,135,775  
 Year Constructed: LeDroit – 1965 | Kelly-Miller - 1941

## Recommendation: Combination of Section 18 Mixed-Finance Redevelopment and RAD Minor Rehab

### Current Zoning and Land Use

The single Kelly-Miller walk-up building to the south of V Street (labeled 12 on the map) is zoned RA-1, with restrictions as shown on the chart below:

#### RA-1

Residential Buildings								
District	Floor Area Ratio (max.) <sup>1</sup>	Height (ft.) <sup>2</sup>	Stories	Lot Occupancy	Rear Yard (ft.) <sup>3</sup>	Side Yard (ft.) <sup>4</sup>	Green Area Ratio (min.)	Zoning Regulation Reference
RA-1	0.90	40	3	40%	20	One 8 ft. side setback shall be provided for all structures 8 for a detached or semi-detached dwelling	0.40	Subtitle F, Chapter 3

The remaining the Kelly-Miller and LeDroit buildings are in the RA-2 zoning district, which allows higher density, taller structures (floor area ration of 1.8 vs 0.9 | 50 foot height limit vs 40 feet).

#### RA-2

Residential Buildings								
District	Floor Area Ratio (max.) <sup>1</sup>	Height (ft.) <sup>2, 3, 4</sup>	Penthouse Height (ft.)// Stories	Lot Occupancy	Rear Yard (ft.)	Side Yard (ft.)	Green Area Ratio (min.)	Zoning Regulation Reference
RA-2	1.8	50	12 ft. / 15 ft. for mechanical space	60%	15 ft.; or a distance equal to 4 in. per 1 ft. of principal building height	If provided, no less than 4 ft.	0.40	Subtitle F, Chapter 3
			1 / 2nd story permitted for mechanical space			8 ft. for a detached or semi-detached dwelling		



# Kelly-Miller and LeDroit

Kelly Miller: 2125 4<sup>th</sup> Street, NW Washington D.C

LeDroit Apartments: 234 W Street, N.W. Washington, DC

Ward 1 – Brianne Nadeau | ANC 1B

**Neighborhood: LeDroit Park**

**2018 Capital Needs Assessment: \$33,086,205**

**Annual Interim Controls Cost: \$3,135,775**

**Year Constructed: LeDroit – 1965 | Kelly-Miller - 1941**

## Recommendation: Combination of Section 18 Mixed-Finance Redevelopment and RAD Minor Rehab

Given the predominant zoning in the surrounding residential neighborhood, and the ability for DCHA to increase density on the parcels without a zoning change, we do not anticipate requesting a change of zoning from the existing condition.

### Development Recommendation:

Due to the varying conditions of the various building types on these two sites, our recommendation for Kelly-Miller and LeDroit consists of a hybrid plan to preserve and rehabilitate the structures in the best physical condition, while demolishing and redeveloping the structures that are the most-challenged in terms of their physical condition.

#### Kelly-Miller / LeDroit Walk-Ups – Section 18 Demo/Dispo

The anticipated cost required to bring both the Kelly-Miller and the LeDroit walk-ups to 20 year viability is so significant that the more efficient strategy for DCHA is to take these properties through the Section 18 process with the eventual plan to demolish the existing structures and redevelop the parcels.

Using the current RA-2 zoning, the existing 123 public housing units on the 2.6 acres that comprise the walk-up building sites could be replaced with up to 173 units, with a replacement of the 123 ACC units with affordable units targeted to residents with incomes up to 60% AMI (LIHTC rents), and an additional 50 market rate units. The structures on these parcels are envisioned to be up to four-stories, Type VA wood-frame, elevator buildings, and up to 50 feet in height.

#### Kelly-Miller Townhomes / LeDroit Senior Building – RAD Rehab

DCHA anticipates utilizing a portion of the DC City Council's \$24.5 million to bring the Kelly-Miller Townhomes and the LeDroit Senior Apartments up to 15-20 year viability.

The \$7.426 million anticipated to be spent on these two properties would be spent to make the following anticipated improvements:

#### Kelly-Miller Townhouses:

- **Roofs** - Replace flat roofs, curbing, flashing, gutters and downspouts on 5 buildings (40 units)
- **Finishes** - Patch walls and ceilings and paint

**Total Cost:** \$750,000

Residents of Kelly-Miller Townhomes will need to allow painters into their units for 1-2 days, but will not otherwise be burdened with relocation.

#### LeDroit Senior Building:

The more extensive work to be performed at the LeDroit Seniors Building will require relation for up-to 30 day intervals per 12-unit double-unit stack to allow for replacement of major building systems and finishes.

- **Bathrooms** - Replace fixtures
- **Kitchens** - Replace cabinets, countertops, appliances and finishes
- **Finishes** - Replace flooring throughout units, patch walls and paint
- **Sitework** - Repair and/or resurface lead walks, driveways, parking and curbs
- **HVAC** - Replace chiller, controls, and grilles
- **Plumbing** - Replace waste and vent piping
- **Electrical** - Replace building electrical risers and unit service panels

**Total Cost:** \$6.677 million

The anticipated improvements at these properties will be further enhanced through a RAD conversion of the subsidy platforms within the next 5-10 year period. The conversion to RAD will stabilize the operations budgets for these properties and will also unlock an additional \$4.4 million in debt and 4% LIHTC equity for further long-term capital improvements.



# Kelly-Miller and LeDroit

Kelly Miller: 2125 4<sup>th</sup> Street, NW Washington D.C  
 LeDroit Apartments: 234 W Street, N.W. Washington, DC  
 Ward 1 – Brianne Nadeau | ANC 1B

Neighborhood: LeDroit Park  
 2018 Capital Needs Assessment: \$33,086,205  
 Annual Interim Controls Cost: \$3,135,775  
 Year Constructed: LeDroit – 1965 | Kelly-Miller - 1941

## Recommendation: Combination of Section 18 Mixed-Finance Redevelopment and RAD Minor Rehab

### Phase-by-Phase Unit Mix and Financial Analysis:

The following table shows the unit mix and sources and uses for Phase I:

#### Kelly Miller New Construction

##### INPUTS

###### 1. UNITS & RENTAL SUBSIDY

	ACC	RAD	PBVs	LIHTC-only	MARKET	TOTAL
Efficiency	0	0	0	0	0	0
1 bedrooms	0	0	29	21	0	50
2 bedrooms	0	0	44	0	0	44
3 bedrooms	0	0	50	0	0	50
4 bedrooms	0	0	0	0	0	0
5+ bedrooms	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>123</b>	<b>21</b>	<b>0</b>	<b>144</b>

LIHTC rents at	60%
FMR	110%

##### OUTPUTS

USES	Total	per unit
Building Acquisition	\$0	\$0
Land Acquisition	\$11,520,000	\$80,000
Hard Costs	\$35,802,719	\$248,630
Soft Costs	\$8,950,680	\$62,157
Developer Fee	\$5,370,408	\$37,294
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$61,643,806</b>	<b>\$428,082</b>

Permanent Sources	Total	
Seller note	\$11,520,000	19%
4% LIHTC	\$12,963,875	21%
Permanent Mortgage	\$21,553,869	35%
Deferred fee	\$2,685,204	4%
<b>GAP</b>	<b>\$12,920,858</b>	<b>21%</b>
<b>TOTAL SOURCES</b>	<b>\$61,643,806</b>	<b>100%</b>

<b>50% test</b>	
Basis	\$42,515,729
Min Bond	\$23,383,651
Construction costs	\$35,802,719 84%

##### MANUAL INPUT CALCULATION

###### 2. COSTS

Building Acquisition costs (exc. land)	\$0
Land Costs	\$11,520,000
Rehab/construction costs per unit	\$207,711
QCT	NO

###### 3. SOURCES

4% LIHTC	
Tax Credit price	\$0.95
Permanent loan terms	
Interest rate	4.25%
amortization	40
DSCR	1.15
Max LTV	90%
cap rate	6%
Max % fee deferred	50%

###### 4. Other assumptions

GC markups	14%	of const. costs
Hard cost contingency	5%	
soft costs (excluding dev fee)	25%	of hard costs
Developer fee - construction	15%	
Developer fee - acquisition	0%	



# Kelly-Miller and LeDroit

Kelly Miller: 2125 4<sup>th</sup> Street, NW Washington D.C

LeDroit Apartments: 234 W Street, N.W. Washington, DC

Ward 1 – Brianne Nadeau | ANC 1B

Neighborhood: LeDroit Park

2018 Capital Needs Assessment: \$33,086,205

Annual Interim Controls Cost: \$3,135,775

Year Constructed: LeDroit – 1965 | Kelly-Miller - 1941

**Recommendation: Combination of Section 18 Mixed-Finance Redevelopment and RAD Minor Rehab**

The following table shows the unit mix and sources and uses for Phase II:

### Kelly Miller RAD

#### INPUTS

##### 1. UNITS & RENTAL SUBSIDY

	ACC	RAD	PBVs	LIHTC-only	MARKET	TOTAL
Efficiency	0	0	0	0	0	0
1 bedrooms	0	106	0	0	0	106
2 bedrooms	0	5	25	0	0	30
3 bedrooms	0	0	10	0	0	10
4 bedrooms	0	0	0	0	0	0
5+ bedrooms	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>111</b>	<b>35</b>	<b>0</b>	<b>0</b>	<b>146</b>

LIHTC rents at
60%
FMR
110%

#### OUTPUTS

USES	Total	per unit
Building Acquisition	\$4,380,000	\$30,000
Land Acquisition	\$11,680,000	\$80,000
Hard Costs	\$10,985,040	\$75,240
Soft Costs	\$2,746,260	\$18,810
Developer Fee	\$2,004,069	\$13,727
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$31,795,369</b>	<b>\$217,777</b>

Permanent Sources	Total	
Seller note	\$16,060,000	51%
4% LIHTC	\$5,663,073	18%
Permanent Mortgage	\$9,514,964	30%
Deferred fee	\$557,332	2%
<b>GAP</b>	<b>\$0</b>	<b>0%</b>
<b>TOTAL SOURCES</b>	<b>\$31,795,369</b>	<b>100%</b>

##### 50% test

Basis	\$17,643,735
Min Bond	\$9,704,054
Construction costs	\$10,985,040

MANUAL INPUT
CALCULATION

#### 2. COSTS

Building Acquisition costs (exc. land)	\$4,380,000
Land Costs	\$11,680,000
Rehab/construction costs per unit	\$60,000
QCT	NO

#### 3. SOURCES

4% LIHTC	
Tax Credit price	\$1.00
Permanent loan terms	
Interest rate	4.25%
amortization	40
DSCR	1.15
Max LTV	90%
cap rate	6%
Max % fee deferred	50%

#### 4. Other assumptions

GC markups	14%	of const. costs
Hard cost contingency	10%	
soft costs (excluding dev fee)	25%	of hard costs
Developer fee - construction	15%	
Developer fee - acquisition	5%	



# Kelly-Miller and LeDroit

Kelly Miller: 2125 4<sup>th</sup> Street, NW Washington D.C

LeDroit Apartments: 234 W Street, N.W. Washington, DC

Ward 1 – Brianne Nadeau | ANC 1B

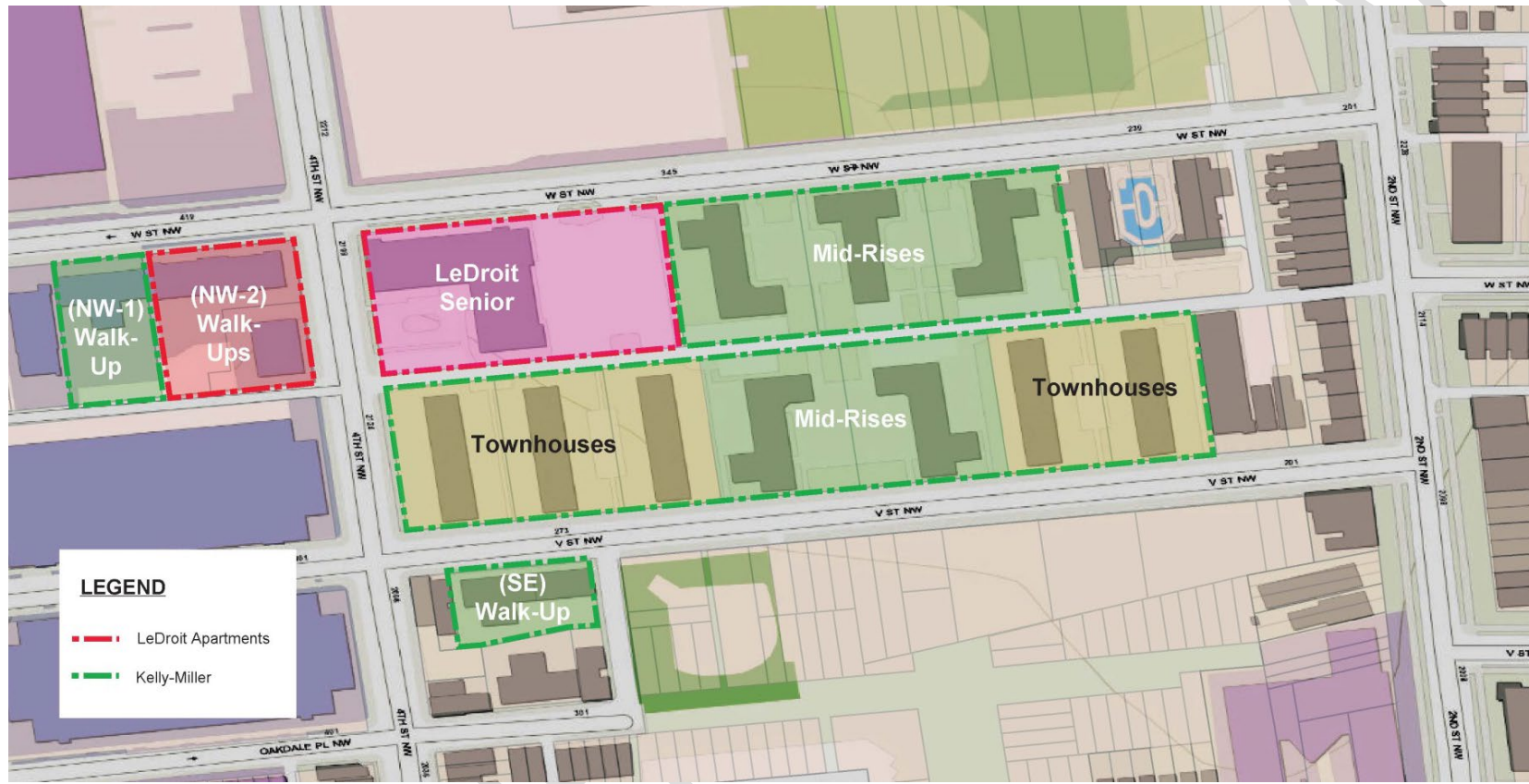
Neighborhood: LeDroit Park

2018 Capital Needs Assessment: \$33,086,205

Annual Interim Controls Cost: \$3,135,775

Year Constructed: LeDroit – 1965 | Kelly-Miller - 1941

**Recommendation: Combination of Section 18 Mixed-Finance Redevelopment and RAD Minor Rehab**



Kelly-Miller and LeDroit Apartments – Site Key Plan



# Langston Terrace and Additions

2101 G Street NE, Washington, DC 20002

Ward 5 – Kenyon McDuffie | ANC 5D04 – Bernice Blacknell

Neighborhood: Carver-Langston

2018 Capital Needs Assessment: \$25,257,414

Annual Interim Controls Cost: \$2,689,088

Years Constructed: Langston Terrace – 1937 | Langston Additions - 1965

## Recommendation: RAD Comprehensive Modernization and Historic Rehabilitation

### Existing Conditions

Langston Terrace is a historic property built in 1937 and is located in Ward 5 in the Northeast quadrant of the city. The seven-acre property was the first federally funded housing project in Washington and the second in the United States. The property was part of President Franklin D. Roosevelt's Public Works Administration program and was named in honor of John Mercer Langston, a 19th-century American abolitionist and attorney who founded Howard University Law School, and served as a U.S. congressman from Virginia. It was designed by native Washingtonian architect, Hilyard Robinson. Langston Terrace was first listed on the National Register of Historic Places and on the DC Inventory of Historic Sites in 1987.

The Langston Terrace property is a 274-unit development that consists of a combination of three-story walk-up buildings and two-story townhouses. Langston Additions is a 34-unit townhouse property that was built in 1954 and is directly adjacent to Langston Terrace to the north.

The following table shows the unit mix:

Property	Type	2BR	3BR	4BR	5BR	Total
Langston Terrace	Walk-up	19	77	62	0	158
	TH	0	84	26	6	116
Total		19	161	88	6	274
Langston Additions	TH	0	27	7	0	34

Per the DCHA Capital Needs Assessment, prepared by Torti-Gallas Urban in 2018, the long-term capital need for Langston Terrace is estimated to be \$20,899,071 (roughly \$76,000/unit) with an additional \$4,358,343 for Langston Additions in FY 2019 dollars, or over \$128,000 per unit. The estimated combined annual cost for interim-controls to provide encapsulation of lead-based paint is \$2,689,088, with the majority of that need in Langston Terrace. Due to the combination of the high-cost exposure for interim controls of lead-based paint and the high cost of deferred capital needs, this property has been placed on the extremely-urgent inventory list.

The property has received several renovations and improvements over years that have included window and roof replacements for the entire property. There have been boiler plant upgrades and sidewalk repairs. In addition, there were also some unit renovations to portion of the site also included electrical and plumbing system upgrades as well as unit finishes. Since 2006 approximately \$11,218,000 has been spent on various projects at Langston Terrace and only approximately \$193,000 at Langston Addition.

Due to the age of Langston Terrace and its significance in the community and the nation, a careful approach needs to be undertaken to completely modernize this historic property. A 2012 capital modernization project was undertaken on 100 units of the historic property, but the remaining units of Langston Terrace have not received the same level of improvements in recent years. There is no central air-conditioning system for the property. Currently residents depend on window a/c units. The entire property needs to be brought up to current codes and regulations.



# Langston Terrace and Additions

2101 G Street NE, Washington, DC 20002

Ward 5 – Kenyon McDuffie | ANC 5D04 – Bernice Blacknell

**Neighborhood: Carver-Langston**

**2018 Capital Needs Assessment: \$25,257,414**

**Annual Interim Controls Cost: \$2,689,088**

**Years Constructed: Langston Terrace – 1937 | Langston Additions - 1965**

## Recommendation: RAD Comprehensive Modernization and Historic Rehabilitation

Also due in-part to the the age of the property there are lead paint hazards in numerous areas that should be abated. Due to the extraordinary rehabilitation and abatement costs at both Langston Terrace and Langston Additions it has been recommended that these properties be placed on the extremely-urgent inventory list.

The following table list some items identified as being life and safety hazards or severe physical distress:

### Life and Safety Hazards

- Many units are in-need-of repairs or replacements to the smoke and carbon monoxide detectors.
- Electrical and plumbing upgrades are required throughout the complex.
- There are many missing or broken exterior handrails.
- There are many areas of cracked or raised concrete sidewalks, presenting tripping hazards.
- There are many areas of severe stormwater erosion on site, including undermining of porches and walks.

### Severe Physical Distress

- Kitchens and bathrooms throughout the complex are in severe need of replacement
- Façade masonry repairs are needed in many areas.
- Site drainage is as significant issue, with many areas of significant erosion.



# Langston Terrace and Additions

2101 G Street NE, Washington, DC 20002

Ward 5 – Kenyon McDuffie | ANC 5D04 – Bernice Blacknell

Neighborhood: Carver-Langston

2018 Capital Needs Assessment: \$25,257,414

Annual Interim Controls Cost: \$2,689,088

Years Constructed: Langston Terrace – 1937 | Langston Additions - 1965

## Recommendation: RAD Comprehensive Modernization and Historic Rehabilitation

### Current Zoning and Land Use:

Current zoning is **RA-2**.

- Permit flexibility of design by permitting all types of urban residential development if they conform to the height, density, and area requirements established for these districts; and
- Permit the construction of those institutional and semi-public buildings that would be compatible with adjoining residential uses and that are excluded from the more restrictive residential zones.

Given the historic designation of Langston Terrace and the significance it holds in the community and nation, redevelopment is not an option. Therefore, we will not request a change in zoning to permit higher density development at these two sites.

Zoning	FAR	Max Height (ft)	Stories	Max. Lot Occupancy	Rear Yard Setback (ft)	Side Setback (ft)	Green Area Ratio (min.)
RA-2	1.8	50	4	60%	15	4	.40

### Development Recommendation:

It is proposed that Langston Terrace and Additions would undergo a major rehabilitation through the HUD RAD program that could address all the properties'

critical needs. Due the scale of the work, DCHA would propose to designate more than 25% of the units within the project as regular PBV units under 24 CFR part 983 by placing both the TPVs realized under the Section 18 disposition process. A RAD/Section 18 project would utilize two HAPs – the RAD form of HAP (using the CHAP rents to be adjusted annually pursuant to the Operating Cost Adjustment Factor or OCAF) and the standard Part 983 AHAP/HAP with rents determined based on the lesser of reasonable rent and up to 110% of the fair market rent subject to annual adjustment.

- TPVs issued for the public housing units removed pursuant to Section 18 of the Housing Act can be directly project-based when the property “substantially meets Housing Quality Standards”
- Through RAD conversion of the property not only could be stabilized the subsidy but allows the properties to leverage debt through tax-exempt bonds to fund renovations.

We envision that the project could be undertaken in three project phases of just-over 100 units apiece. For the purposes of financing and undertaking the work, DCHA would create a subsidiary entity for each phase that would serve as developer and applicant for 4% LIHTC from DCHFA.

DCHA has an existing ECIP II contract with \$16.5 million allocated to Langston Terrace to replace the existing central boiler plant with a variable-refrigerant flow (VRF) HVAC system to provide heat and central air-conditioning to all units and public spaces. Each apartment and public space would have its own zone and its own thermometer, marking the first time that zoned heating and cooling was made available to the resident of Langston Terrace or Additions.



# Langston Terrace and Additions

2101 G Street NE, Washington, DC 20002

Ward 5 – Kenyon McDuffie | ANC 5D04 – Bernice Blacknell

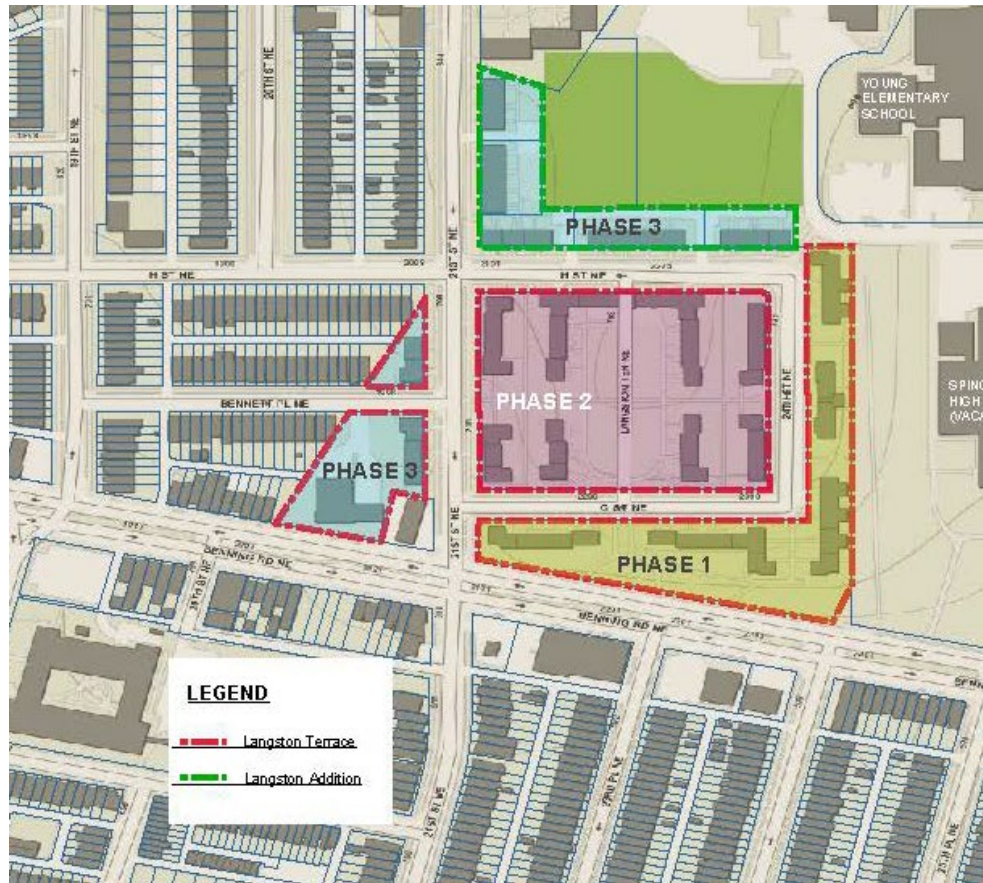
Neighborhood: Carver-Langston

2018 Capital Needs Assessment: \$25,257,414

Annual Interim Controls Cost: \$2,689,088

Years Constructed: Langston Terrace – 1937 | Langston Additions - 1965

**Recommendation: RAD Comprehensive Modernization and Historic Rehabilitation**



Langston Terrace and Additions – Proposed Phasing Plan



# Langston Terrace and Additions

2101 G Street NE, Washington, DC 20002

Ward 5 – Kenyon McDuffie | ANC 5D04 – Bernice Blacknell

Neighborhood: Carver-Langston

2018 Capital Needs Assessment: \$25,257,414

Annual Interim Controls Cost: \$2,689,088

Years Constructed: Langston Terrace – 1937 | Langston Additions - 1965

**Recommendation: RAD Comprehensive Modernization and Historic Rehabilitation**

## Phase-by-Phase Unit Mix and Financial Analysis:

The following table shows the unit mix and sources and uses for Langston Terrace:

### Langston RAD Rehab

#### INPUTS

##### 1. UNITS & RENTAL SUBSIDY

	ACC	RAD	PBVs	LIHTC-only	MARKET	TOTAL
Efficiency	0	0	0	0	0	0
1 bedrooms	0	0	0	0	0	0
2 bedrooms	0	0	4	15	0	19
3 bedrooms	0	0	45	143	0	188
4 bedrooms	0	0	23	72	0	95
5+ bedrooms	0	0	1	5	0	6
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>73</b>	<b>235</b>	<b>0</b>	<b>308</b>

LIHTC rents at	50%
FMR	100%

#### OUTPUTS

USES	Total	per unit
Building Acquisition	\$9,240,000	\$30,000
Land Acquisition	\$18,480,000	\$60,000
Hard Costs	\$69,521,760	\$225,720
Soft Costs	\$17,380,440	\$56,430
Developer Fee	\$11,759,286	\$38,180
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$126,381,486</b>	<b>\$410,330</b>

Permanent Sources	Total	
Seller note	\$27,720,000	22%
4% LIHTC	\$29,612,206	23%
Permanent Mortgage	\$41,006,590	32%
Deferred fee	\$5,879,643	5%
ECIP Investment	\$16,500,000	13%

<b>GAP</b>	<b>\$5,663,047</b>	<b>4%</b>
<b>TOTAL SOURCES</b>	<b>\$126,381,486</b>	<b>100%</b>

<b>50% test</b>		
Basis	\$92,259,090	
Min Bond	\$50,742,500	
Construction costs	\$69,521,760	75%

#### MANUAL INPUT CALCULATION

##### 2. COSTS

Building Acquisition costs (exc.land)	\$9,240,000
Land Costs	\$18,480,000
Rehab/construction costs per unit	\$180,000
QCT	NO

##### 3. SOURCES

4% LIHTC	
Tax Credit price	\$1.00
Permanent loan terms	
Interest rate	4.25%
amortization	40
DSCR	1.15
Max LTV	90%
cap rate	6%
Max % fee deferred	50%

##### 4. Other assumptions

GC markups	14%	of const. costs
Hard cost contingency	10%	
soft costs (excluding dev fee)	25%	of hard costs
Developer fee - construction	15%	
Developer fee - acquisition	5%	



# Richardson Dwellings

5231 Cloud Place NE Washington DC 20019  
Ward 7 – Vincent Gray | ANC 7C Pat Malloy

Neighborhood: Marshall Heights – Lincoln Heights

2018 Capital Needs Assessment: \$29,545,499

Annual Interim Controls Cost: \$2,181,877

Year Constructed: 1945

## Recommendation: Section 18 Mixed-Finance Phased Redevelopment

### Existing Conditions:

Lincoln Heights and Richardson Dwellings (LH/RD) are part of the District of Columbia's New Communities Initiative, which is an effort to transform LH/RD and the surrounding community into a mixed-income, mixed-use neighborhood. To date most of focus has been on off-site developments. The Nannie Helen @ 4800 is a 70-unit all affordable mixed-use building of which 23 of the units are replacement units for LH/RD that opened in 2013. An additional 50 replacement units for LH/RD residents were provided at 5201 Hayes Street, "The Residences at Hayes Street," which opened in summer of 2018. Another 53 new replacement units for LH/RD residents are planned to begin construction in 2019 through the Strand and Providence Place NCI projects.

Built in 1945, Lincoln Heights has a rich history dating back to the Civil War era. In 1863, black Methodists denied access to an existing church by Confederate sympathizers built their own church on the edge of the Deanwood neighborhood. The area has continued to serve the spiritual needs of residents ever since. It is one of the older communities in the District of Columbia that has faced growth challenges including high unemployment rates, a large number of lower-household incomes, aging housing stock, and a lack of retail establishments.

In effort to spark revitalization, the District of Columbia has invested over \$300 million in the Deanwood neighborhood since 2010, including a new HD Woodson High School, Recreation Center and Library, and infrastructure projects on Nannie Helen

Burroughs to improve public spaces, restore streets, sidewalks, transit services, lighting and trees.

The property is a 190-unit development consisting of eight three-story walk-up buildings. Unit mix is per the chart below:

Property	2BR	3BR	4BR	5BR	6BR	Total
Richardson Dwellings	68	80	18	24	0	190

The units are generally past their useful life cycle by today's standards. The existing stairs and corridors are inadequate. Although interior wall finishes are in fair condition, the exterior walls would require removal of drywall to install new exterior insulation and removal of existing inefficient baseboard heating. A 2019 Architectural and Engineering Evaluation report estimated that it would cost \$65,620,822 for this property to attain 20-year viability and meet current building codes. Per the DCHA Capital Needs Assessment, prepared by Torti-Gallas Urban in 2018, the long-term capital need for this property is estimated to be \$29,545,499 in FY 2019 dollars, or over \$155,000 per unit.

The estimate for annual interim controls for this property is \$2,181,877. The high estimated cost of deferred capital needs, combined with the presence of lead-based paint hazards and rodent and insect infestation lead DCHA to place this property on the extremely-urgent inventory list.



# Richardson Dwellings

5231 Cloud Place NE Washington DC 20019

Ward 7 – Vincent Gray | ANC 7C Pat Malloy

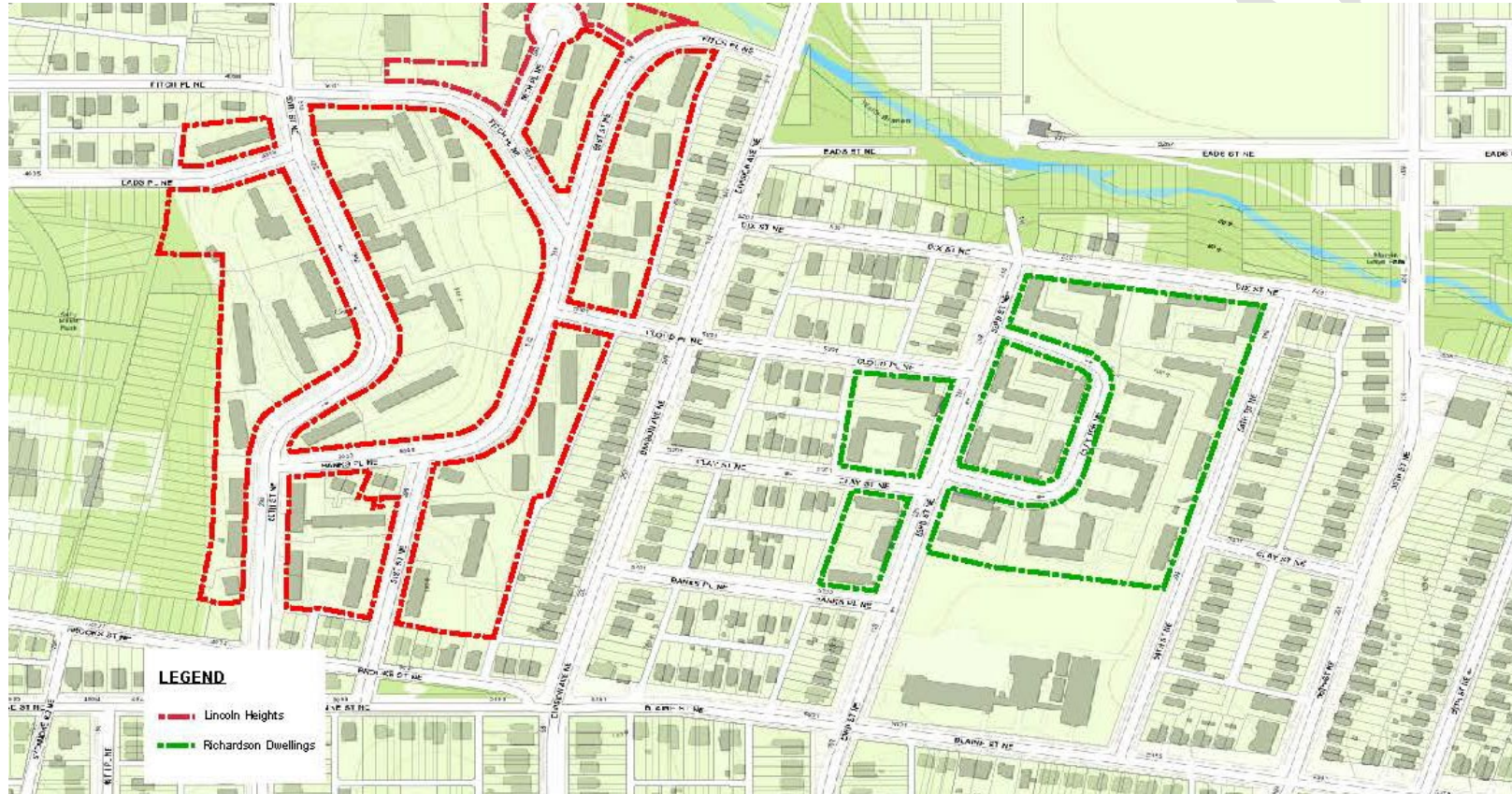
Neighborhood: Marshall Heights – Lincoln Heights

2018 Capital Needs Assessment: \$29,545,499

Annual Interim Controls Cost: \$2,181,877

Year Constructed: 1945

Recommendation: Section 18 Mixed-Finance Phased Redevelopment



Neighborhood Existing Conditions Plan, showing Lincoln Heights (red) and Richardson Dwellings (green)



# Richardson Dwellings

5231 Cloud Place NE Washington DC 20019  
Ward 7 – Vincent Gray | ANC 7C Pat Malloy

Neighborhood: Marshall Heights – Lincoln Heights

2018 Capital Needs Assessment: \$29,545,499

Annual Interim Controls Cost: \$2,181,877

Year Constructed: 1945

## Recommendation: Section 18 Mixed-Finance Phased Redevelopment

The following list identifies items at Richardson that pose potential threats to life and safety hazards or demonstrate severe physical distress:

### Health and Safety Hazards:

- Smoke and CO detectors are missing and/or non-functioning
- Lighting fixtures and receptacles need to be replaced
- Rodent and insect infestation

### Severe Structural Distress:

- Deteriorated soffits
- Missing or damaged gutters, lintels, roofs and concrete stoops
- Deteriorated lintels, roofs and concrete stoops
- Missing or damaged doors
- Steep topography/ stormwater erosion
- Plumbing and electrical systems do not meet current codes

### Current Zoning and Land Use:

Current zoning is **RA-1**.

- Permits low to moderate-density development, including detached dwellings, row houses, and low-rise apartments.
- Zoning purpose is to protect quiet residential areas now developed with detached dwellings and adjoining vacant areas likely to be developed for those purposes; stabilize the residential areas and to promote a suitable environment for family life.

Zoning	FAR	Max Height (ft)	Stories	Max. Lot Occupancy	Rear Yard Setback (ft)	Side Setback (ft)	Green Area Ratio (min.)
RA-1	0.90	40	3	40%	20	8	.40



# Richardson Dwellings

5231 Cloud Place NE Washington DC 20019  
Ward 7 – Vincent Gray | ANC 7C Pat Malloy

**Neighborhood: Marshall Heights – Lincoln Heights**

**2018 Capital Needs Assessment: \$29,545,499**

**Annual Interim Controls Cost: \$2,181,877**

**Year Constructed: 1945**

## Recommendation: Section 18 Mixed-Finance Phased Redevelopment

### Development Recommendation:

To complete the NCI plan for Richardson Dwellings, a four-day community design charrette workshop was held for residents to work closely with the planning team members to prepare a conceptual revitalization plan. The result was the 2006 New Communities Lincoln Heights and Richardson Dwellings Revitalization Plan (the Plan) which outlines a conceptual plan and guide to redevelop the neighborhood.

The proposed redevelopment plan for Richardson calls for increasing the total number of units to approximately 309. This new density is achieved with numerous townhouse style single and duplex units and two higher density multi-family structures. The plan requires up-zoning most of the property from RA-1 to RA-2 with specific areas up-zoned to RA-3 to support this density.

RA-1 limits make it difficult to meet the increased density. However, RA-3 would allow, for example, a 4,000-square-foot building on a property of 2,300 square feet, allowing for duplex townhouses with two 2,000 square foot units of two levels per townhouse. RA-3 zoning will permit areas of higher density specifically near Marvin

Gaye Park. On average RA-3 would support 98,000 square feet of development on 33,000 square feet of site area and yield approximately 90 units and 30 parking spaces per site. It's proposed that this property could be developed in three phases.

### Proposed Zoning for Townhouses: RA-2

Height/Stories: 50 feet/ unlimited stories FAR: 1.8

Lot Occupancy: 60%

Parking: 1 per 2 dwelling units (multi-family)

### Proposed Zoning for Multi-family: RA-3

Height/Stories: 60 feet/ unlimited stories FAR: 3.0

Lot Occupancy: 75%

Parking: 1 per 3 dwelling units (multi-family)



# Richardson Dwellings

5231 Cloud Place NE Washington DC 20019

Ward 7 – Vincent Gray | ANC 7C Pat Malloy

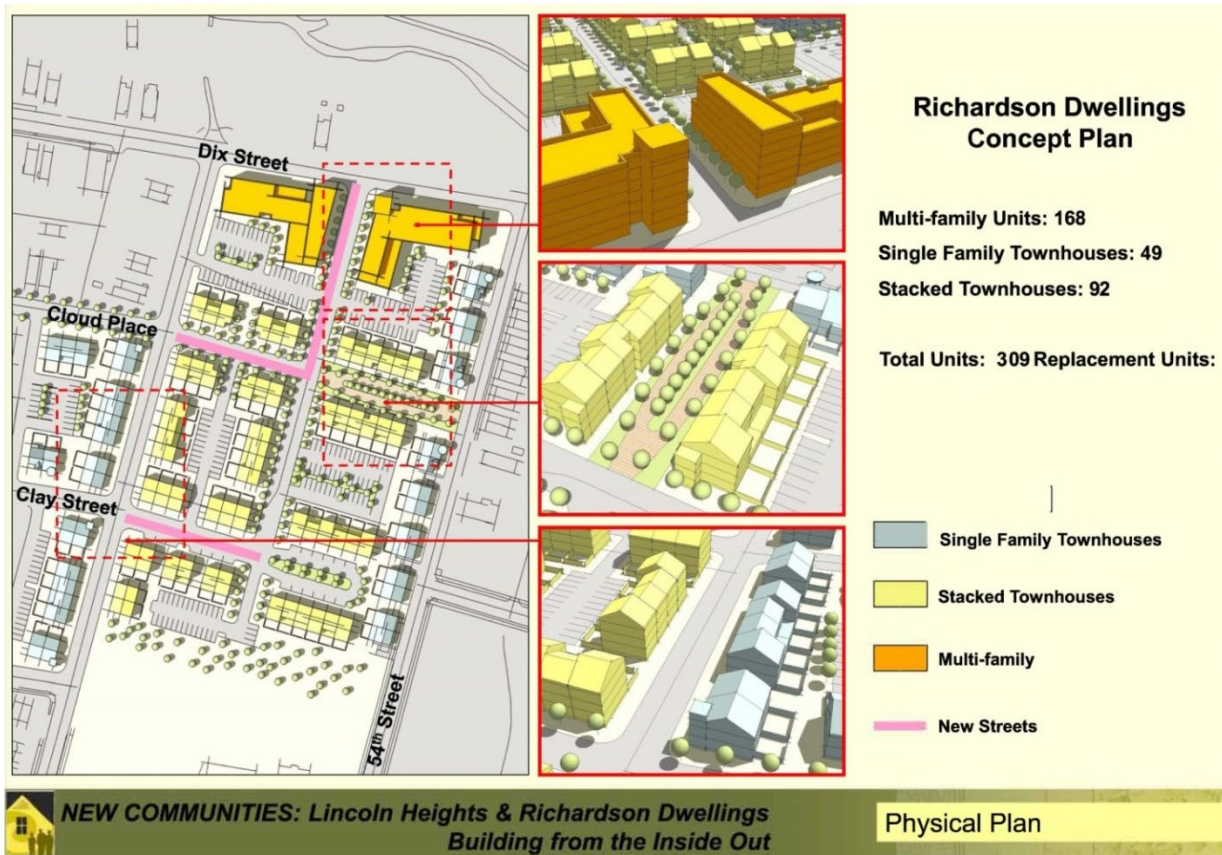
Neighborhood: Marshall Heights – Lincoln Heights

2018 Capital Needs Assessment: \$29,545,499

Annual Interim Controls Cost: \$2,181,877

Year Constructed: 1945

Recommendation: Section 18 Mixed-Finance Phased Redevelopment



Richardson Dwellings – Proposed Phase I Plan



# Richardson Dwellings

5231 Cloud Place NE Washington DC 20019  
Ward 7 – Vincent Gray | ANC 7C Pat Malloy

Neighborhood: Marshall Heights – Lincoln Heights

2018 Capital Needs Assessment: \$29,545,499

Annual Interim Controls Cost: \$2,181,877

Year Constructed: 1945

## Recommendation: Section 18 Mixed-Finance Phased Redevelopment

### Phase-by-Phase Unit Mix and Financial Analysis:

The following table shows the unit mix and sources and uses for Phase I (Redevelopment):

#### Richardson Dwellings Phase 1

##### INPUTS

MANUAL INPUT  
CALCULATION

##### 1. UNITS & RENTAL SUBSIDY

	ACC	RAD	PBVs	LIHTC-only	MARKET	TOTAL
Efficiency	0	0	0	0	0	0
1 bedrooms	0	0	41	43	0	84
2 bedrooms	0	0	42	42	0	84
3 bedrooms	0	0	8	8	0	16
4 bedrooms	0	0	0	0	0	0
5+ bedrooms	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>91</b>	<b>93</b>	<b>0</b>	<b>184</b>

LIHTC rents at	60%
FMR	110%

##### OUTPUTS

##### USES

	Total	per unit
Building Acquisition	\$0	\$0
Land Acquisition	\$9,200,000	\$50,000
Hard Costs	\$41,683,430	\$226,540
Soft Costs	\$10,420,858	\$56,635
Developer Fee	\$7,815,643	\$42,476
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$69,119,931</b>	<b>\$375,652</b>

##### Permanent Sources

	Total	
Seller note	\$9,200,000	13%
4% LIHTC	\$19,621,203	28%
Permanent Mortgage	\$21,205,094	31%
Deferred fee	\$3,907,822	6%

**GAP** **\$15,185,812** **22%**

**TOTAL SOURCES** **\$69,119,931** **100%**

##### 2. COSTS

Building Acquisition costs (exc. land)	\$0
Land Costs	\$9,200,000
Rehab/construction costs per unit	\$189,257

QCT **YES**

##### 3. SOURCES

4% LIHTC	
Tax Credit price	\$0.95
Permanent loan terms	
Interest rate	4.25%
amortization	40
DSCR	1.15
Max LTV	90%
cap rate	6%
Max % fee deferred	50%

##### 4. Other assumptions

GC markups	14%	of const. costs
Hard cost contingency	5%	
soft costs (excluding dev fee)	25%	of hard costs
Developer fee - construction	15%	
Developer fee - acquisition	5%	

<b>50% test</b>		
Basis	\$49,499,073	
Min Bond	\$27,224,490	
Construction costs	\$41,683,430	84%



# Richardson Dwellings

5231 Cloud Place NE Washington DC 20019

Ward 7 – Vincent Gray | ANC 7C Pat Malloy

Neighborhood: Marshall Heights – Lincoln Heights

2018 Capital Needs Assessment: \$29,545,499

Annual Interim Controls Cost: \$2,181,877

Year Constructed: 1945

## Recommendation: Section 18 Mixed-Finance Phased Redevelopment

The following table shows the unit mix and sources and uses for Phase II:

### Richardson Dwellings Phase 2

#### INPUTS

##### 1. UNITS & RENTAL SUBSIDY

	ACC	RAD	PBVs	LIHTC-only	MARKET	TOTAL
Efficiency	0	0	0	0	0	0
1 bedrooms	0	0	18	20	0	38
2 bedrooms	0	0	19	19	0	38
3 bedrooms	0	0	10	10	0	20
4 bedrooms	0	0	0	0	0	0
5+ bedrooms	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>47</b>	<b>49</b>	<b>0</b>	<b>96</b>

LIHTC rents at	60%
FMR	110%

#### OUTPUTS

USES	Total	per unit
Building Acquisition	\$0	\$0
Land Acquisition	\$4,800,000	\$50,000
Hard Costs	\$22,826,640	\$237,778
Soft Costs	\$5,706,660	\$59,444
Developer Fee	\$4,279,995	\$44,583
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$37,613,296</b>	<b>\$391,805</b>

Permanent Sources	Total	
Seller note	\$4,800,000	13%
4% LIHTC	\$10,744,944	29%
Permanent Mortgage	\$11,871,453	32%
Deferred fee	\$2,139,998	6%

<b>GAP</b>	<b>\$8,056,900</b>	<b>21%</b>
<b>TOTAL SOURCES</b>	<b>\$37,613,296</b>	<b>100%</b>

<b>50% test</b>		
Basis	\$27,106,635	
Min Bond	\$14,908,649	
Construction costs	\$22,826,640	84%

#### MANUAL INPUT

#### CALCULATION

##### 2. COSTS

Building Acquisition costs (exc. land)	\$0
Land Costs	\$4,800,000
Rehab/construction costs per unit	\$198,645

QCT	YES
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##### 3. SOURCES

4% LIHTC	
Tax Credit price	\$0.95
Permanent loan terms	
Interest rate	4.25%
amortization	40
DSCR	1.15
Max LTV	90%
cap rate	6%
Max % fee deferred	50%

##### 4. Other assumptions

GC markups	14%	of const. costs
Hard cost contingency	5%	
soft costs (excluding dev fee)	25%	of hard costs
Developer fee - construction	15%	
Developer fee - acquisition	5%	



# Richardson Dwellings

5231 Cloud Place NE Washington DC 20019

Ward 7 – Vincent Gray | ANC 7C Pat Malloy

Neighborhood: Marshall Heights – Lincoln Heights

2018 Capital Needs Assessment: \$29,545,499

Annual Interim Controls Cost: \$2,181,877

Year Constructed: 1945

## Recommendation: Section 18 Mixed-Finance Phased Redevelopment

The following table shows the unit mix and sources and uses for Phase III:

### Richardson Dwellings Phase 3

#### INPUTS

##### 1. UNITS & RENTAL SUBSIDY

	ACC	RAD	PBVs	LIHTC-only	MARKET	TOTAL
Efficiency	0	0	0	0	0	0
1 bedrooms	0	0	4	4	0	8
2 bedrooms	0	0	4	4	0	8
3 bedrooms	0	0	3	3	0	6
4 bedrooms	0	0	3	4	0	7
5+ bedrooms	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>15</b>	<b>0</b>	<b>29</b>

LIHTC rents at	60%
FMR	110%

#### OUTPUTS

USES	Total	per unit
Building Acquisition	\$0	\$0
Land Acquisition	\$1,450,000	\$50,000
Hard Costs	\$7,902,669	\$272,506
Soft Costs	\$1,975,667	\$68,126
Developer Fee	\$1,481,750	\$51,095
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$12,810,086</b>	<b>\$441,727</b>

Permanent Sources	Total	
Seller note	\$1,450,000	11%
4% LIHTC	\$3,719,940	29%
Permanent Mortgage	\$4,394,966	34%
Deferred fee	\$740,875	6%

<b>GAP</b>	<b>\$2,504,305</b>	<b>20%</b>
<b>TOTAL SOURCES</b>	<b>\$12,810,086</b>	<b>100%</b>

<b>50% test</b>		
Basis	\$9,384,419	
Min Bond	\$5,161,431	
Construction costs	\$7,902,669	84%

#### MANUAL INPUT

#### CALCULATION

##### 2. COSTS

Building Acquisition costs (exc. land)	\$0
Land Costs	\$1,450,000
Rehab/construction costs per unit	\$227,657

QCT	YES
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##### 3. SOURCES

4% LIHTC	
Tax Credit price	\$0.95
Permanent loan terms	
Interest rate	4.25%
amortization	40
DSCR	1.15
Max LTV	90%
cap rate	6%
Max % fee deferred	50%

##### 4. Other assumptions

GC markups	14%	of const. costs
Hard cost contingency	5%	
soft costs (excluding dev fee)	25%	of hard costs
Developer fee - construction	15%	
Developer fee - acquisition	5%	



# Stoddert Terrace and Ft. Dupont Dwellings and Additions

Neighborhood: Fort Dupont

155 Ridge Road SE, Washington, DC 20019  
Ward 7 – Councilman Vincent Gray | ANC 7A

2018 Capital Needs Assessment: \$28,738,306  
Annual Interim Controls Cost: \$4,542,388

Years Constructed: Ft Dupont Addition – 1962 | Ft. Dupont Dwellings – 1940 | Stoddert Terrace - 1960

## Recommendation: Section 18 Mixed-Finance Comprehensive Modernization and Redevelopment

### Existing Conditions

The Fort Dupont complex is located at 155 Ridge Road, SE, and the cross road is Anacostia Road, SE. Built in 1940, the 111-unit Fort Dupont complex has walk-ups and townhouse buildings. Most of the complex is located in a linear configuration along Ridge Road with a cluster located along the cul-de-sac on Anacostia Road. The property underwent major renovations approximately 15 years ago and some areas are in fair condition.

The Fort Dupont Addition is located at 155 Ridge Road, SE. The Fort Dupont Addition apartments consist of 16 family units (all three-bedrooms) in one two-story building with a basement. No common spaces, except for some storage areas, are provided within the building. The property shares the Management Office and Maintenance Space with the adjacent property (Stoddert Terrace). Main entry to the building and management office is by a rear entry parking lot on Ridge Road. The property was extensively renovated in 2004. However, many health and safety issues, and capital needs persist at this site.

Stoddert Terrace Complex is located off Ridge Road, SE, and consists of walk-up apartments and townhouse units. Built in 1960, the complex contains 159 dwelling units. Common public spaces in the buildings are minimal--there is no community room or a laundry room. Administrative offices are located in a separate building, which also houses a day care center, public toilets, a boiler room, and storage

facilities. Much of the site at Stoddert Terrace is in extremely poor condition. There are severe soil and erosion problems in many parts of the site, particularly on steep slopes. Broken sidewalks, cracked and distressed retaining walls and paved areas coupled with soil/erosion present extremely hazardous conditions at some sections of the property. In many instances, super silt fence has been installed at the bottom of steep slopes to prevent the edges from eroding. These safety issues should be addressed immediately. The storm water management system is in complete disrepair and needs to be redesigned to current standards.

The following table shows the unit mix by property:

Property	0BR	1BR	2BR	3BR	4BR	5BR	Total
<b>Ft. Dupont Additions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>16</b>
<b>Ft. Dupont Dwellings</b>	<b>2</b>	<b>34</b>	<b>48</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>111</b>
<b>Stoddert Terrace</b>	<b>1</b>	<b>0</b>	<b>8</b>	<b>56</b>	<b>65</b>	<b>29</b>	<b>159</b>
<b>Total</b>	<b>3</b>	<b>34</b>	<b>56</b>	<b>56</b>	<b>65</b>	<b>29</b>	<b>243</b>

Per the DCHA Capital Needs Assessment, prepared by Torti-Gallas Urban in 2018, the long-term capital need for this property is estimated to be \$28,738,306 in FY 2019 dollars, broken-out by individual site as follows:



# Stoddert Terrace and Ft. Dupont Dwellings and Additions

Neighborhood: Fort Dupont

155 Ridge Road SE, Washington, DC 20019  
Ward 7 – Councilman Vincent Gray | ANC 7A

2018 Capital Needs Assessment: \$28,738,306  
Annual Interim Controls Cost: \$4,542,388

Years Constructed: Ft Dupont Addition – 1962 | Ft. Dupont Dwellings – 1940 | Stoddert Terrace - 1960

## Recommendation: Section 18 Mixed-Finance Comprehensive Modernization and Redevelopment

- **Ft. Dupont Additions** - \$2,056,118, (over \$128,000/unit)
- **Ft. Dupont Dwellings** - \$14,196,161, (just under \$128,000/unit)
- **Stoddert Terrace** - \$25,262,572, (over \$158,000/unit)

The estimated annual cost for interim-controls to provide encapsulation of lead-based paint is \$4,542,388, broken-out by individual site as follows:

- **Ft. Dupont Additions** - \$197,384
- **Ft. Dupont Dwellings** - \$2,231,385
- **Stoddert Terrace** - \$2,113,619

Due to the combination of the high-cost exposure for interim controls of lead-based paint and the high cost of deferred capital needs, these properties have been placed on the extremely-urgent inventory list.

The following list items identified as being life and safety hazards or severe physical distress, broken out by the three sites where they differ:

### Life and Safety Hazards

- **General Issues for all Three Sites**
  - Lead paint has been detected on balconies, walls, railings, and in common areas.
  - Cracked and raised concrete sidewalks are widespread.
  - Repair cracked and deteriorated masonry
  - Restore or replace site security and safety fencing
- **Ft. Dupont Additions**
  - Replace central fire alarm system
- **Ft. Dupont Dwellings** (same as general list)
- **Stoddert Terrace** (same as general list)

### Severe Structural Distress

- **General Issues for all three Sites**
  - Replace deteriorated sanitary waste and vent piping
  - Replace HVAC systems
  - Repair cracked and deteriorated masonry
  - Re-grade areas of sites to improve drainage and minimize erosion
  - Repair retaining walls
- **Ft. Dupont Additions** (all same as general list)
- **Ft. Dupont Dwellings**
  - Repair or replace water-damaged ceilings
- **Stoddert Terrace**
  - Replace kitchens and baths



# Stoddert Terrace and Ft. Dupont Dwellings and Additions

Neighborhood: Fort Dupont

155 Ridge Road SE, Washington, DC 20019  
Ward 7 – Councilman Vincent Gray | ANC 7A

2018 Capital Needs Assessment: \$28,738,306  
Annual Interim Controls Cost: \$4,542,388

Years Constructed: Ft Dupont Addition – 1962 | Ft. Dupont Dwellings – 1940 | Stoddert Terrace - 1960

Recommendation: Section 18 Mixed-Finance Comprehensive Modernization and Redevelopment

## Current Zoning and Land Use:

Current zoning is **RA-1**. Permits low- to moderate-density development, including detached dwellings, rowhouses, and low-rise apartments. This zone's purpose is to protect residential areas now developed with detached dwellings and adjoining vacant areas likely to be developed for those purposes, stabilize the residential areas, and promote a suitable environment for family life.

Residential Buildings								
District	Floor Area Ratio (max.) <sup>1</sup>	Height (ft.) <sup>2, 3, 4</sup>	Penthouse Height (ft.) / Stories	Lot Occupancy	Rear Yard (ft.)	Side Yard (ft.)	Green Area Ratio (min.)	Zoning Regulation Reference
RA-1	0.90	40	12 ft. / 15 ft. for mechanical space	40%	20 ft.	8ft setback for all structures	0.40	Subtitle F, Chapter 3
			1 / 2nd story permitted for mechanical space			8 ft. for a detached or semi-detached dwelling		

At this time we do not foresee the need to amend the current zoning at these sites as it allows for sufficient increased density for our redevelopment plan. We are proposing an increase in density of 43 units/20% from 274 to 317 residential units.



# Stoddert Terrace and Ft. Dupont Dwellings and Additions

Neighborhood: Fort Dupont

155 Ridge Road SE, Washington, DC 20019  
Ward 7 – Councilman Vincent Gray | ANC 7A

2018 Capital Needs Assessment: \$28,738,306  
Annual Interim Controls Cost: \$4,542,388

Years Constructed: Ft Dupont Addition – 1962 | Ft. Dupont Dwellings – 1940 | Stoddert Terrace - 1960

## Recommendation: Section 18 Mixed-Finance Comprehensive Modernization and Redevelopment

### Development Recommendation:

HUD's current per-unit Total Development Cost (TDC) limit for the District of Columbia is \$212,394 for a typical 2BR walk-up unit. HUD generally considers a PHA to have met the threshold for obsolescence for a site when rehabilitation costs are at or above 57.14% of the TDC, or in this case \$121,362/unit. Because the estimated cost for rehabilitation of the site is at or close-to the HUD TDC threshold for obsolescence, we believe the best way to begin the process of rehabilitating this site is through the Section 18 Demolition/Disposition process. Upon approval by HUD, this process will enable DCHA to obtain Tenant Protection Vouchers residents can use to move to safer, better housing conditions while rehabilitation and redevelopment activities take place.

DCHA envisions a hybrid plan to preserve and comprehensively modernize the buildings on the three sites that currently provide the best living conditions for residents (specifically, the townhouse buildings that front upon the townhouses along Alabama Ave SE), while demolishing and redeveloping the balance of the property.

**Phase I** would comprise the relocation, demolition and redevelopment of **82** existing units in the area of Stoddert labeled "The Hilltop" in the new development units will be increased to **115** due to zoning changes. Most of the new development will take place on 37<sup>th</sup> Place or "The Hill".

**Phase II** would incorporate new units within the complex and house a community center inside of the management office. These buildings will be located along Ridge Road and 37<sup>th</sup> Street.

**Phase III** would include the renovation of street front units along Ridge Road to create a sense of cohesiveness.



# Stoddert Terrace and Ft. Dupont Dwellings and Additions

Neighborhood: Fort Dupont

155 Ridge Road SE, Washington, DC 20019  
Ward 7 – Councilman Vincent Gray | ANC 7A

2018 Capital Needs Assessment: \$28,738,306  
Annual Interim Controls Cost: \$4,542,388

Years Constructed: Ft Dupont Addition – 1962 | Ft. Dupont Dwellings – 1940 | Stoddert Terrace - 1960

Recommendation: Section 18 Mixed-Finance Comprehensive Modernization and Redevelopment



Fort Dupont Addition and Dwellings | Stoddert Terrace – Site Analysis Diagram



Phase by Phase Unit Mix and Financial Analysis:

# Stoddert Terrace and Ft. Dupont Dwellings and Additions

Neighborhood: Fort Dupont

155 Ridge Road SE, Washington, DC 20019  
Ward 7 – Councilman Vincent Gray| ANC 7A

2018 Capital Needs Assessment: \$28,738,306  
Annual Interim Controls Cost: \$4,542,388

Years Constructed: Ft Dupont Addition – 1962 | Ft. Dupont Dwellings – 1940 | Stoddert Terrace - 1960

Recommendation: Section 18 Mixed-Finance Comprehensive Modernization and Redevelopment

The following table shows the unit mix and sources and uses for Phase I:

## Stoddert Hilltop Phase I New Construction

### INPUTS

#### 1. UNITS & RENTAL SUBSIDY

	ACC	RAD	PBVs	LIHTC-only	MARKET	TOTAL
Efficiency	0	0	0	0	0	0
1 bedrooms	0	0	0	0	0	0
2 bedrooms	0	0	0	0	0	0
3 bedrooms	0	0	32	18	0	50
4 bedrooms	0	0	40	8	0	48
5+ bedrooms	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>72</b>	<b>26</b>	<b>0</b>	<b>98</b>

LIHTC rents at	60%
FMR	110%

### OUTPUTS

USES	Total	per unit
Building Acquisition	\$0	\$0
Land Acquisition	\$4,900,000	\$50,000
Hard Costs	\$32,973,460	\$336,464
Soft Costs	\$8,243,365	\$84,116
Developer Fee	\$4,946,019	\$50,470
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$51,062,844</b>	<b>\$521,049</b>
<b>Permanent Sources</b>	<b>Total</b>	
Seller note	\$4,900,000	10%
4% LIHTC	\$15,521,250	30%
Permanent Mortgage	\$22,375,009	44%
Deferred fee	\$2,473,009	5%
<b>GAP</b>	<b>\$5,793,575</b>	<b>11%</b>
<b>TOTAL SOURCES</b>	<b>\$51,062,844</b>	<b>100%</b>

<b>50% test</b>		
Basis	\$39,155,983	
Min Bond	\$21,535,791	
Construction costs	\$32,973,460	84%

### MANUAL INPUT CALCULATION

#### 2. COSTS

Building Acquisition costs (exc. land)	\$0
Land Costs	\$4,900,000
Rehab/construction costs per unit	\$281,089
QCT	YES

#### 3. SOURCES

4% LIHTC	
Tax Credit price	\$0.95
Permanent loan terms	
Interest rate	4.25%
amortization	40
DSCR	1.15
Max LTV	90%
cap rate	6%
Max % fee deferred	50%

#### 4. Other assumptions

GC markups	14%	of const. costs
Hard cost contingency	5%	
soft costs (excluding dev fee)	25%	of hard costs
Developer fee - construction	15%	
Developer fee - acquisition	0%	



# Stoddert Terrace and Ft. Dupont Dwellings and Additions

Neighborhood: Fort Dupont

155 Ridge Road SE, Washington, DC 20019  
Ward 7 – Councilman Vincent Gray| ANC 7A

2018 Capital Needs Assessment: \$28,738,306  
Annual Interim Controls Cost: \$4,542,388

Years Constructed: Ft Dupont Addition – 1962 | Ft. Dupont Dwellings – 1940 | Stoddert Terrace - 1960

Recommendation: Section 18 Mixed-Finance Comprehensive Modernization and Redevelopment

The following table shows the unit mix and sources and uses for Phase II:

## Stoddert/Ft. DuPont Phase II RAD Rehab

### INPUTS

#### 1. UNITS & RENTAL SUBSIDY

	ACC	RAD	PBVs	LIHTC-only	MARKET	TOTAL
Efficiency	0	0	0	0	0	0
1 bedrooms	0	0	0	0	0	0
2 bedrooms	0	6	0	0	0	6
3 bedrooms	0	4	0	0	0	4
4 bedrooms	0	29	12	0	0	41
5+ bedrooms	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>39</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>51</b>

LIHTC rents at	60%
FMR	110%

### OUTPUTS

#### USES

	Total	per unit
Building Acquisition	\$1,530,000	\$30,000
Land Acquisition	\$2,550,000	\$50,000
Hard Costs	\$9,593,100	\$188,100
Soft Costs	\$2,398,275	\$47,025
Developer Fee	\$1,438,965	\$28,215
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$17,510,340</b>	<b>\$343,340</b>

#### Permanent Sources

	Total	
Seller note	\$4,080,000	23%
4% LIHTC	\$3,940,111	23%
Permanent Mortgage	\$7,073,011	40%
Deferred fee	\$719,483	4%

<b>GAP</b>	<b>\$1,697,735</b>	<b>10%</b>
<b>TOTAL SOURCES</b>	<b>\$17,510,340</b>	<b>100%</b>

<b>50% test</b>		
Basis	\$12,921,806	
Min Bond	\$7,106,993	
Construction costs	\$9,593,100	74%

### MANUAL INPUT

#### CALCULATION

#### 2. COSTS

Building Acquisition costs (exc. land)	\$1,530,000
Land Costs	\$2,550,000
Rehab/construction costs per unit	\$150,000
QCT	NO

#### 3. SOURCES

4% LIHTC	
Tax Credit price	\$0.95
Permanent loan terms	
Interest rate	4.25%
amortization	40
DSCR	1.15
Max LTV	90%
cap rate	6%
Max % fee deferred	50%

#### 4. Other assumptions

GC markups	14%	of const. costs
Hard cost contingency	10%	
soft costs (excluding dev fee)	25%	of hard costs
Developer fee - construction	15%	
Developer fee - acquisition	0%	



# Stoddert Terrace and Ft. Dupont Dwellings and Additions

Neighborhood: Fort Dupont

155 Ridge Road SE, Washington, DC 20019  
Ward 7 – Councilman Vincent Gray | ANC 7A

2018 Capital Needs Assessment: \$28,738,306  
Annual Interim Controls Cost: \$4,542,388

Years Constructed: Ft Dupont Addition – 1962 | Ft. Dupont Dwellings – 1940 | Stoddert Terrace - 1960

Recommendation: Section 18 Mixed-Finance Comprehensive Modernization and Redevelopment

The following table shows the unit mix and sources and uses for Phase III:

## Stoddert Phase 3 New Construction

### INPUTS

#### 1. UNITS & RENTAL SUBSIDY

	ACC	RAD	PBVs	LIHTC-only	MARKET	TOTAL
Efficiency	0	0	0	0	0	0
1 bedrooms	0	0	29	13	0	42
2 bedrooms	0	0	50	8	0	58
3 bedrooms	0	0	42	0	0	42
4 bedrooms	0	0	16	0	0	16
5+ bedrooms	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>137</b>	<b>21</b>	<b>0</b>	<b>158</b>

LIHTC rents at	60%
FMR	110%

### OUTPUTS

#### USES

	Total	per unit
Building Acquisition	\$0	\$0
Land Acquisition	\$7,900,000	\$50,000
Hard Costs	\$41,490,863	\$262,600
Soft Costs	\$10,372,716	\$65,650
Developer Fee	\$6,223,629	\$39,390
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$65,987,208</b>	<b>\$417,641</b>

#### Permanent Sources

	Total	
Seller note	\$7,900,000	12%
4% LIHTC	\$19,530,558	30%
Permanent Mortgage	\$25,565,183	39%
Deferred fee	\$3,111,815	5%

<b>GAP</b>	<b>\$9,879,653</b>	<b>15%</b>
<b>TOTAL SOURCES</b>	<b>\$65,987,208</b>	<b>100%</b>

<b>50% test</b>		
Basis	\$49,270,400	
Min Bond	\$27,098,720	
Construction costs	\$41,490,863	84%

### MANUAL INPUT CALCULATION

#### 2. COSTS

Building Acquisition costs (exc.land)	\$0
Land Costs	\$7,900,000
Rehab/construction costs <b>per unit</b>	\$219,382
QCT	YES

#### 3. SOURCES

4% LIHTC	
Tax Credit price	\$0.95
Permanent loan terms	
Interest rate	4.25%
amortization	40
DSCR	1.15
Max LTV	90%
cap rate	6%
Max % fee deferred	50%

#### 4. Other assumptions

GC markups	14%	of const. costs
Hard cost contingency	5%	
soft costs (excluding dev fee)	25%	of hard costs
Developer fee - construction	15%	
Developer fee - acquisition	0%	



# Woodland Terrace

2311 Ainger Place SE Washington DC 20020

Ward 8 | ANC 8D

Neighborhood: Randle Heights

2018 Capital Needs Assessment: \$23,915,450

Annual Interim Controls Cost: \$911,500

Year Constructed: 1962

## Recommendation: Section 18 Mixed-Finance Phased Redevelopment Existing Conditions

Woodland Terrace is a 234-unit public housing property whose construction began in 1962. This property is comprised of 156 townhomes and 78 apartments in six walk-up apartment buildings.

Woodland Terrace sits in a physically isolated neighborhood along Ainger Place, SE. The site's physical isolation, combined with the super-block layout, makes protecting and securing the area and residents quite challenging. All of the buildings are at the end of their useful life. Apartment layouts are awkward featuring many small, cramped rooms and minimal natural light.

The property unit mix is listed below:

Property	1BR	2BR	3BR	4BR	5BR	6BR	Total
Apts.	36	42					78
Townhomes			78	39	26	13	156
Total	36	42	78	39	26	13	234

Per the DCHA Capital Needs Assessment, prepared by Torti-Gallas Urban in 2018, the long-term capital need for this property is an estimated \$23,915,450 in FY 2019 dollars, just over \$100,000 per unit. The estimated annual cost for interim-controls to provide encapsulation of lead-based paint is \$911,500. Due to the combination of the high-cost exposure for interim controls of lead-based paint and the cost of deferred capital needs, this property has been placed on the extremely-urgent inventory list. The following list items identified as being life and safety hazards or severe physical distress:

### Life and Safety Hazards

- There are many instances of smoke and carbon monoxide detectors non-functioning or missing.
- Electrical receptacles are at the end of their anticipated useful life and must be replaced.
- Pest infestation is widespread.
- A large number of the raised concrete sidewalks are cracked.
- Lead paint has been detected in two units and also in the soil around the complex.

### Severe Structural Distress

- Waste vent pipes are severely deteriorated and must be replaced. Replacing the existing pipes requires digging under the building slabs or demolishing the buildings.
- All of the kitchens and baths are at the end of their useful life and must be replaced.
- Poor site layout – The main square block of the site is designed as a mega-block, with no through-streets, making it hard to police and patrol.



# Woodland Terrace

2311 Ainger Place SE Washington DC 20020

Ward 8 | ANC 8D

Neighborhood: Randle Heights

2018 Capital Needs Assessment: \$23,915,450

Annual Interim Controls Cost: \$911,500

Year Constructed: 1962

## Recommendation: Section 18 Mixed-Finance Phased Redevelopment Current Zoning and Land Use

Current Zoning is RA-1 (Residential Apartment Zone -1) which provides for areas predominantly developed with low-to-moderate-density development, including detached dwellings, row houses, and low-rise apartments.

Residential Buildings								
	Floor Area Ratio (max.) <sup>1</sup>	Height (ft.) <sup>2</sup>	Stories	Lot Occupancy	Rear Yard (ft.) <sup>3</sup>	Side Yard (ft.) <sup>4</sup>	Green Area Ratio (min.)	Zoning Regulation Reference
RA-1	0.90	40	3	40%	20	One 8 ft. side setback shall be provided for all structures	0.40	Subtitle F, Chapter 3
						8 for a detached or semi-detached dwelling		

## Development Recommendation:

The existing zoning for the Woodland sites allows a density of over 500 units on site, or more than double the current unit count. Given this flexibility, and the relatively isolated nature of this site, we do not envision requesting a change of zoning at this time.

DCHA envisions a three-phase plan to relocate residents, and then demolish and redevelop the Woodland property. The outcome of redevelopment is envisioned as two- to three-story, wood-frame townhouses and stacked flats. Modular construction may be considered for this property because of potential shortened construction time resulting in cost reductions. This alternative construction method is still being investigated and no decisions have been made at this time.

**Phase I** would include relocation, demolition and redevelopment of the two out-parcels to the north of Ainger Place SE and the west of Bruce Place SE.

**Phase II** would address the northern half of the contiguous block of Woodland Terrace bounded by Ainger, Raynolds, Langston and Bruce Place. A new internal street network would be constructed to break-up the superblock into quadrants, in-line-with the principles of traditional neighborhood design and defensible space.

**Phase III** is envisioned to tackle the southern half of the same block. The new internal road infrastructure would be extended to create a contiguous neighborhood redevelopment plan.



# Woodland Terrace

2311 Ainger Place SE Washington DC 20020

Ward 8 | ANC 8D

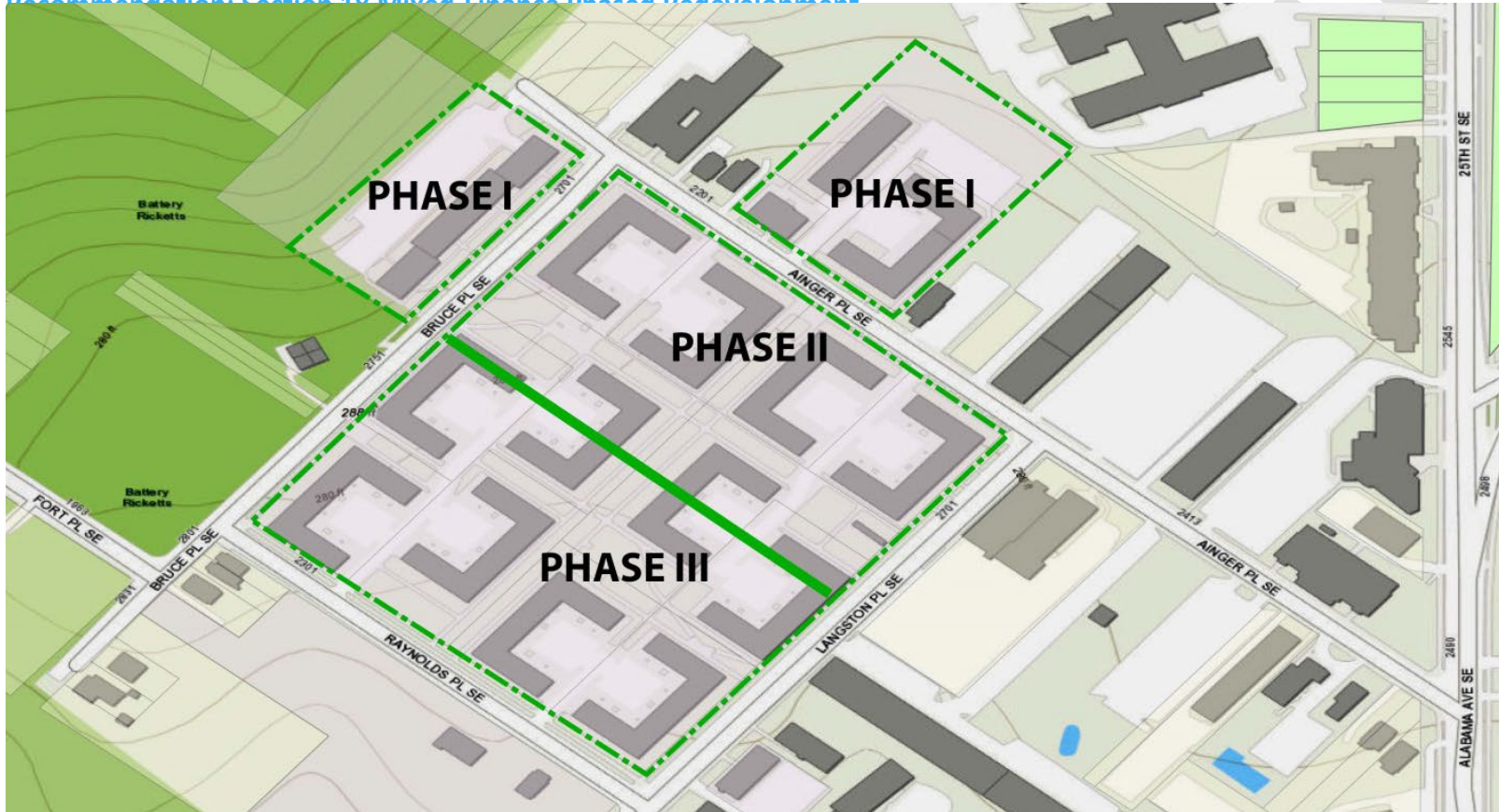
Neighborhood: Randle Heights

2018 Capital Needs Assessment: \$23,915,450

Annual Interim Controls Cost: \$911,500

Year Constructed: 1962

Recommendation: Section 18 Mixed Finance Phased Redevelopment



Woodland Terrace – Proposed Project Phasing Plan



# Woodland Terrace

2311 Ainger Place SE Washington DC 20020

Ward 8 | ANC 8D

Neighborhood: Randle Heights

2018 Capital Needs Assessment: \$23,915,450

Annual Interim Controls Cost: \$911,500

Year Constructed: 1962

## Recommendation: Section 18 Mixed-Finance Phased Redevelopment

### Phase-by-Phase Unit Mix and Financial Analysis

The following table shows the unit mix and sources and uses for Phase I (Redevelopment):

#### Woodland Terrace Phase 1

##### INPUTS

###### 1. UNITS & RENTAL SUBSIDY

	ACC	RAD	PBVs	LIHTC-only	MARKET	TOTAL
Efficiency	0	0	0	0	0	0
1 bedrooms	0	0	5	19	0	24
2 bedrooms	0	0	14	12	0	26
3 bedrooms	0	0	16	0	0	16
4 bedrooms	0	0	10	0	0	10
5+ bedrooms	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>45</b>	<b>31</b>	<b>0</b>	<b>76</b>

LIHTC rents at	60%
FMR	110%

##### OUTPUTS

USES	Total	per unit
Building Acquisition	\$0	\$0
Land Acquisition	\$4,560,000	\$60,000
Hard Costs	\$19,627,059	\$258,251
Soft Costs	\$4,906,765	\$64,563
Developer Fee	\$2,944,059	\$38,738
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$32,037,883</b>	<b>\$421,551</b>

Permanent Sources	Total	
Seller note	\$4,560,000	14%
4% LIHTC	\$9,238,839	29%
Permanent Mortgage	\$11,600,247	36%
Deferred fee	\$1,472,029	5%

<b>GAP</b>	<b>\$5,166,768</b>	<b>16%</b>
<b>TOTAL SOURCES</b>	<b>\$32,037,883</b>	<b>100%</b>

<b>50% test</b>		
Basis	\$23,307,133	
Min Bond	\$12,818,923	
Construction costs	\$19,627,059	84%

##### MANUAL INPUT CALCULATION

###### 2. COSTS

Building Acquisition costs (exc. land)	\$0
Land Costs	\$4,560,000
Rehab/construction costs per unit	\$215,748

QCT	YES
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###### 3. SOURCES

4% LIHTC	
Tax Credit price	\$0.95
Permanent loan terms	
Interest rate	4.25%
amortization	40
DSCR	1.15
Max LTV	90%
cap rate	6%
Max % fee deferred	50%

###### 4. Other assumptions

GC markups	14%	of const. costs
Hard cost contingency	5%	
soft costs (excluding dev fee)	25%	of hard costs
Developer fee - construction	15%	
Developer fee - acquisition		



# Woodland Terrace

2311 Ainger Place SE Washington DC 20020

Ward 8 | ANC 8D

Neighborhood: Randle Heights

2018 Capital Needs Assessment: \$23,915,450

Annual Interim Controls Cost: \$911,500

Year Constructed: 1962

## Recommendation: Section 18 Mixed-Finance Phased Redevelopment

The following table shows the unit mix and sources and uses for Phase II (Redevelopment):

### Woodland Terrace Phase 2

#### INPUTS

##### 1. UNITS & RENTAL SUBSIDY

	ACC	RAD	PBVs	LIHTC-only	MARKET	TOTAL
Efficiency	0	0	0	0	0	0
1 bedrooms	0	0	0	10	0	10
2 bedrooms	0	0	7	7	0	14
3 bedrooms	0	0	31	9	0	40
4 bedrooms	0	0	34	6	0	40
5+ bedrooms	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>72</b>	<b>32</b>	<b>0</b>	<b>104</b>

LIHTC rents at	60%
FMR	110%

#### OUTPUTS

USES	Total	per unit
Building Acquisition	\$0	\$0
Land Acquisition	\$5,200,000	\$50,000
Hard Costs	\$32,395,758	\$311,498
Soft Costs	\$8,098,939	\$77,874
Developer Fee	\$4,859,364	\$46,725
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$50,554,061</b>	<b>\$486,097</b>

Permanent Sources	Total	
Seller note	\$5,200,000	10%
4% LIHTC	\$15,249,314	30%
Permanent Mortgage	\$21,304,943	42%
Deferred fee	\$2,429,682	5%
<b>GAP</b>	<b>\$6,370,122</b>	<b>13%</b>
<b>TOTAL SOURCES</b>	<b>\$50,554,061</b>	<b>100%</b>

<b>50% test</b>		
Basis	\$38,469,962	
Min Bond	\$21,158,479	
Construction costs	\$32,395,758	84%

#### MANUAL INPUT

#### CALCULATION

##### 2. COSTS

Building Acquisition costs (exc. land)	\$0
Land Costs	\$5,200,000
Rehab/construction costs per unit	\$260,232
QCT	YES

##### 3. SOURCES

4% LIHTC	
Tax Credit price	\$0.95
Permanent loan terms	
Interest rate	4.25%
amortization	40
DSCR	1.15
Max LTV	90%
cap rate	6%
Max % fee deferred	50%

##### 4. Other assumptions

GC markups	14%	of const. costs
Hard cost contingency	5%	
soft costs (excluding dev fee)	25%	of hard costs
Developer fee - construction	15%	
Developer fee - acquisition	0%	



# Woodland Terrace

2311 Ainger Place SE Washington DC 20020

Ward 8 | ANC 8D

Neighborhood: Randle Heights

2018 Capital Needs Assessment: \$23,915,450

Annual Interim Controls Cost: \$911,500

Year Constructed: 1962

## Recommendation: Section 18 Mixed-Finance Phased Redevelopment

The following table shows the unit mix and sources and uses for Phase III (Redevelopment):

### Woodland Terrace Phase 3

#### INPUTS

##### 1. UNITS & RENTAL SUBSIDY

	ACC	RAD	PBVs	LIHTC-only	MARKET	TOTAL
Efficiency	0	0	0	0	0	0
1 bedrooms	0	0	0	10	0	10
2 bedrooms	0	0	7	7	0	14
3 bedrooms	0	0	31	9	0	40
4 bedrooms	0	0	34	6	0	40
5+ bedrooms	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>72</b>	<b>32</b>	<b>0</b>	<b>104</b>

LIHTC rents at	60%
FMR	110%

#### OUTPUTS

USES	Total	per unit
Building Acquisition	\$0	\$0
Land Acquisition	\$5,200,000	\$50,000
Hard Costs	\$32,395,758	\$311,498
Soft Costs	\$8,098,939	\$77,874
Developer Fee	\$4,859,364	\$46,725
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$50,554,061</b>	<b>\$486,097</b>

Permanent Sources	Total	
Seller note	\$5,200,000	10%
4% LIHTC	\$15,249,314	30%
Permanent Mortgage	\$21,304,943	42%
Deferred fee	\$2,429,682	5%

<b>GAP</b>	<b>\$6,370,122</b>	<b>13%</b>
<b>TOTAL SOURCES</b>	<b>\$50,554,061</b>	<b>100%</b>

<b>50% test</b>		
Basis	\$38,469,962	
Min Bond	\$21,158,479	
Construction costs	\$32,395,758	84%

#### MANUAL INPUT CALCULATION

##### 2. COSTS

Building Acquisition costs (exc. land)	\$0
Land Costs	\$5,200,000
Rehab/construction costs per unit	\$260,232
QCT	YES

##### 3. SOURCES

4% LIHTC	
Tax Credit price	\$0.95
Permanent loan terms	
Interest rate	4.25%
amortization	40
DSCR	1.15
Max LTV	90%
cap rate	6%
Max % fee deferred	50%

##### 4. Other assumptions

GC markups	14%	of const. costs
Hard cost contingency	5%	
soft costs (excluding dev fee)	25%	of hard costs
Developer fee - construction	15%	
Developer fee - acquisition		



## The Relocation Plan

DCHA's plan for the relocation of residents is based upon a target of long-term relocating no more than 400 families per year over the next years, while simultaneously performing short and medium term in-place relocations at the four properties where we anticipate employing the early-action strategy to address the 20-year viability of these properties. Short-, medium- and long-term relocation are further described below.

### In-Place Relocation

- In some cases, residents will be able to temporarily or permanently relocate to a vacant unit within their own property.
- This strategy will be employed as a first-option whenever adequate ready-to-rent units can be made available on-site for single moves.

### Short-Term Relocation (one-week or less)

- In several of our short-term stabilization projects, specifically Langston Addition and Kelly-Miller Townhomes, in-unit work is required to place these developments in a state of good-repair within the 15- to 20-year viability goal. This type of work (replacement of kitchen appliances and cabinetry, replacement of lighting and plumbing fixtures, and painting and interior finish work) can be accomplished through relocations of one week or less.
- In cases where a sufficient inventory of vacant units is not available to accomplish in-place relocation (as described above), short-term relocation will be accomplished by means of booking blocks of hotel rooms.

### Medium-to Long-Term Offsite Relocation (up to one-year)

- For longer-term relocation to address structural issues such as plumbing, HVAC and electrical risers, DCHA will employ a vertical "stacking" strategy. The first step to implementing a stack-by-stack rehabilitation

program is to evaluate and rehab the existing vacant units and relocate residents out of complete vertical stack of units.

- This strategy will be employed for relocation required for periods greater than one-week up to one-year. In many cases, due to the type of work anticipated, actual relocation can be limited to 90 days or less.
- If sufficient vacant units cannot be identified within the building, the next alternative will be to identify temporary or permanent re-housing for residents at other DCHA properties.

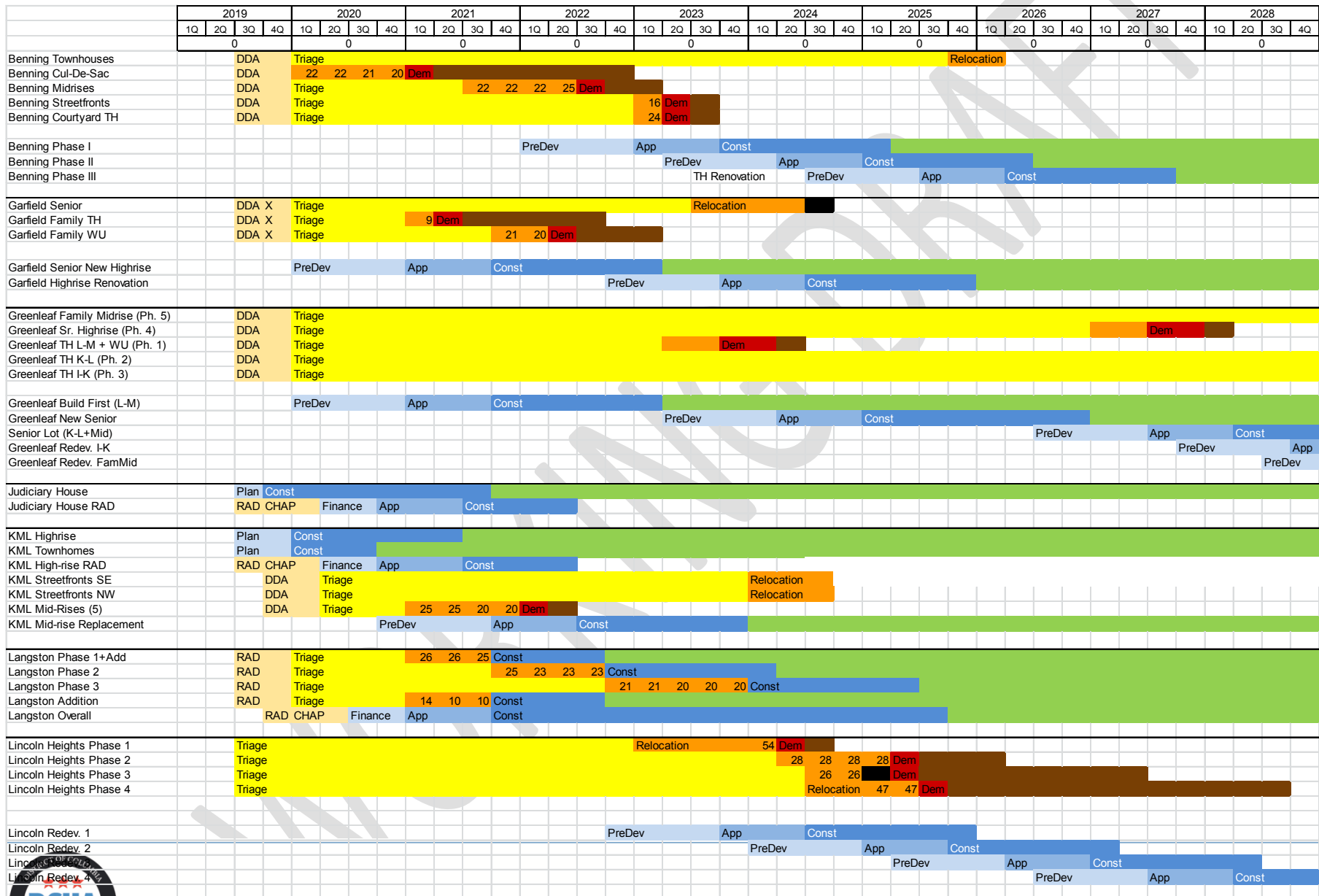
### Permanent Relocation (More than 60 days)

- Ten of the fourteen extremely urgent properties will require long-term relocation in excess of one year. Long-term relocation is necessary at properties where extensive "gut" rehabilitation or redevelopment is required to stabilize and revitalize the property.
- For long-term relocation, DCHA will implement a three-pronged strategy of making-ready existing vacancies within its own portfolio, engaging the real-estate community to identify placement opportunities in the private rental market with tenant-protection vouchers, and whenever possible, utilize the build-first concept which constructs a new building on or near the site to be redeveloped, then relocating residents into their new replacement unit, thereby minimizing the inconvenience of two moves (a temporary long-term relocation to a permanent replacement unit) to one (moving directly from a current public housing to a new replacement unit) .



WORKING DRAFT



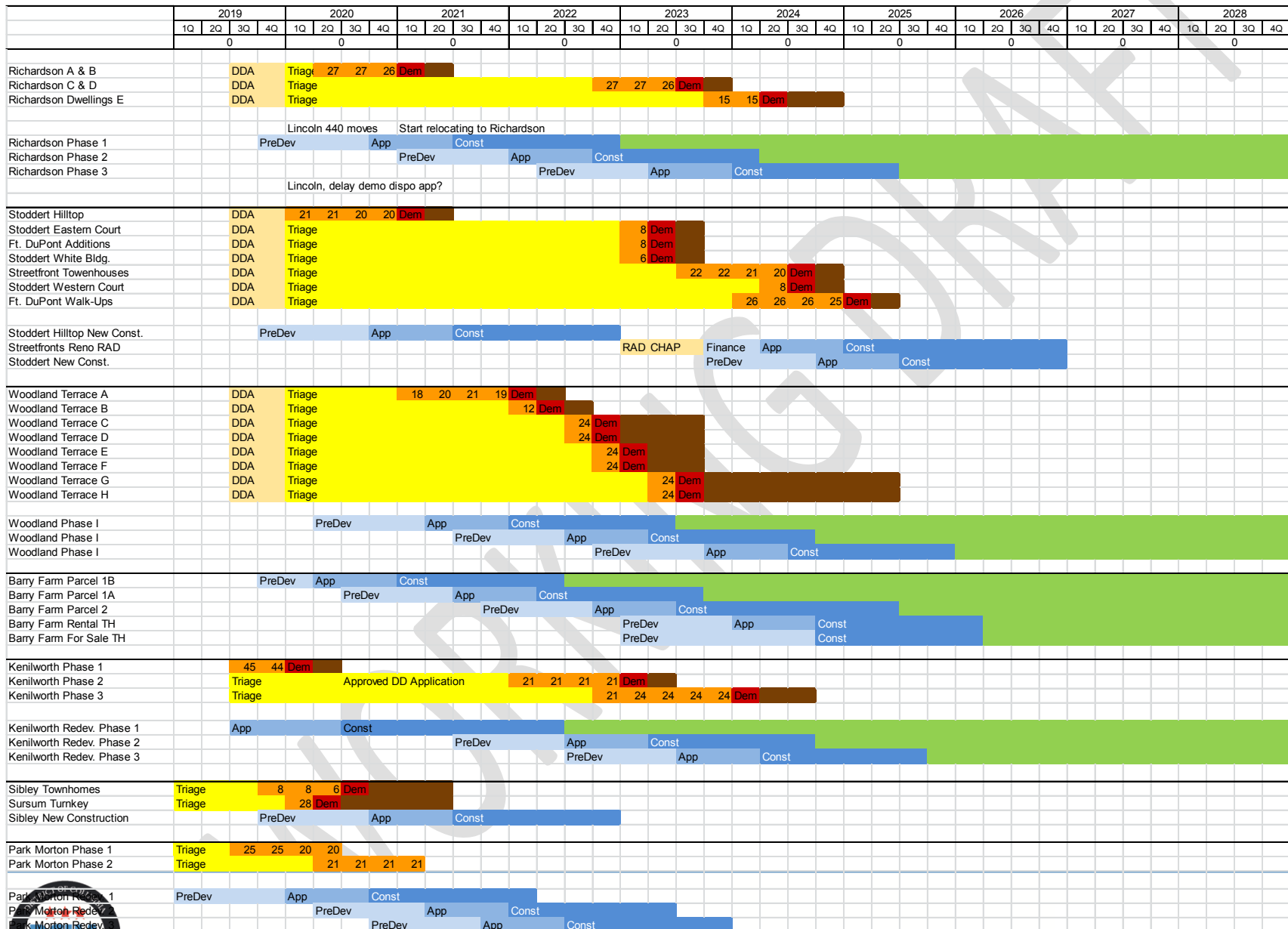


2029				2030				2031				2032			
1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
0				0				0				0			



## Project Timeline and Milestones

Our comprehensive project time line lays-out the steps by-which DCHA will address the fourteen properties in our extremely-urgent portfolio over a ten-year period. The sequence and order of the properties is based upon our professional judgement and is designed to keep the number of apartment relocations at or below 400 per year. It is also intended to address the most-urgent conditions first, thereby getting families out of unacceptable living conditions and into better housing. It also seeks to prioritize the clearing of sites where we believe comprehensive modernization or re-development activities can occur sooner, allowing DCHA to reduce its inventory of extremely-urgent properties and to begin making headway on finding long-term solutions to the capital needs of the portfolio.



2029				2030				2031				2032			
1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
0				0				0				0			



# TRANSFORMATION CAPACITY BUILDING



## A Sustainable Future

This aggressive infusion of capital improvements will transform resident experience at our fourteen extremely-urgent sites over the next 10 years. However, to serve all of our residents' needs for decades to come, DCHA must reposition its own operations concurrently. Over the coming months, the DCHA Transformation Plan will be refined. Elements of the plan will include:

1. Modernized and streamlined operations:
  - a. Technology (including automation)
  - b. People/training
  - c. Cost centers, breakeven by site
  - d. Shared services
  - e. Benchmarks, best practices
2. Long-range capital planning
  - a. Prevention rather than remediation
  - b. Capital reserves
  - c. Planned replacements
  - d. Phased refresh/swing space
3. Adopt a true community-wide lens/upstream housing
  - a. Comprehensive continuum of housing needs – (<30%AMI, 30-50%, 50-80%, 80-120%)
  - b. Upstream management (e.g. homelessness, mental health, emergency, seniors – prevention & services, family/generational program)
  - c. Regional coordination – projecting demand and planning supply, easing transitions across jurisdictions, one region approach
  - d. Addressing longstanding historic patterns of housing inequity (geography, race)
4. Expand public-private partnerships:
  - a. Land use and regulation, including federal land reuse (e.g., schools)
  - b. Nonprofit/faith partners (land, services, grants)
  - c. Private owners –(units, services, density, grants)
5. The “next” fourteen | reaching 20 year viability on the whole portfolio

- a. RAD Transactions for Senior Buildings
- b. Self-Development and Co-Development

## Modernized and Streamlined Operations

### Workforce Transformation...An Example of Efforts Planned and Underway

Intimately tied to stabilizing DCHA's portfolio is the transformation of DCHA's workforce—a key component to repositioning the portfolio and ensuring the success of residents during this process. With an emphasis on the agency's core values of **Accountability, Integrity and Responsibility**, as measured by employee performance and exceptional customer service, DCHA is preparing for the future.

DCHA's Professional Development and Workforce Transformation Plan requires a strategy to recruit and retain qualified employees and investment in the entire workforce through the implementation of a Training and Professional Development Strategy. Properly designed and implemented, the results will yield a highly qualified, well-skilled workforce, willing, ready, and able to consistently deliver high quality work product. The breadth of this effort touches every DCHA department and division—each playing a critical role in the overall performance of the agency. The Human Resources Department (HRD) Training and Performance Management Division will collaborate with department directors, managers, supervisors and employees to facilitate and guide the implementation of the strategy.

Based on the anticipated portfolio stabilization framework, the following is illustrative of some of the enhancements planned or already underway to ensure that DCHA has the necessary capacity to be successful.

### Property Management Operations

*Description:* Property Management Operations (PMO) provides quality subsidized housing by focusing on the needs of our residents, the strengths of our employees



and the maintenance of our properties including mechanical operations and preventive maintenance services. Our mission is to provide stable, quality, affordable housing to low and moderate income persons; to deliver these services with integrity and mutual accountability

and to create learning environments that serve as catalysts for the transformation from dependency to economic self-sufficiency.

*Transformation:* A renewed management approach includes execution of a new organizational structure, recruitment to include a new Senior Director, Area Managers and Facilities Maintenance Supervisors to provide leadership and oversight for the onsite property management teams.

*Training and Professional Development:* PMO will collaborate with HRD in support of training and professional development opportunities focused on achieving certifications on critical accreditations:

- Low-income Housing Tax Credit (LIHTC) certification,
- Housing Managers certification,
- Renovation, Repair and Painting (RRP) certification

In addition, significant emphasis has been placed on strengthening the foundational skills for maintenance staff, including implementation of the following:

*(a) The Maintenance Trades Skills Assessment*

The Maintenance Skills Assessment Program which was designed to identify areas for improvement, with the assistance and instruction of the new Maintenance Workforce Development, Training and Special Projects Manager, a position specifically designed to provide this needed support to our workforce. The DCHA Maintenance Skills Assessment

Institute was developed to help facilitate skills assessment of new hires and remediation training of the incumbent workforce, as needed.

*(b) Make Ready Maintenance Training*

In 2018 DCHA implemented the most comprehensive training in recent years for maintenance staff. Make Ready Maintenance Training focused on upskilling in General Maintenance, Electrical, and Plumbing.

Outcomes for Training and Professional Development will be assessed on an on-going basis and will be measured through the agency's performance management system.

### Capital Programs

*Description:* The Office of Capital Program (OCP) provides construction and project management of modernization projects for DCHA traditional public housing including preventive maintenance services. OCP initiates the planning process to redevelop aging properties and participates in the development of affordable and market rate housing. The office leads DCHA's energy and green sustainability efforts.

*Transformation:* OCP was restructured to include the separation of Capital Programs and DC Housing Enterprises. Capital Programs focuses on development, planning, design and modernization. DC Housing Enterprises, a DCHA subsidiary, focuses on a broad range of opportunities related to real estate acquisition, rehabilitation, development and/or redevelopment, management and social services.



#### *Recruitment*

- Director of Capital Programs
- Chief Development Officer
- Chief Planning, Design and Construction Officer
- Chief Operating Officer

#### *Department Reorganization*

- *Established Working Teams consisting of Senior Project Managers, Project Managers I and Project Managers II*
- *Organized project by ownership structure (Financing Self-developed or co-developed)*

*Training and Professional Development:* Training is geared to developing and enhancing knowledge, skills and abilities essential to making deals happen. These certifications will better prepare project managers for the successful practice of housing and economic development. The coursework will include real estate finance analysis techniques, loan packaging procedures, negotiating, problem solving skills, historic rehabilitation, low-income tax credit and deal structuring techniques. Target positions and certifications include:

- Senior Project Manager
- Projects Managers I and II

#### *Certifications:*

- Economic Development Finance Professional Certification
- Housing Development Finance Professional Certification
- Traditional Housing Development Finance Professional Certification

Other professional development opportunity for project managers includes additional training opportunity in Project Management Essentials, Advance Project Management, ArcGIS Desktop, and ArcGIS Online for Organization.



WORKING DRAFT

## COMMUNITY ENGAGEMENT



## Community Engagement

### Listening & Making Initial Connections

In October 2017, Director Garrett started his tenure at DCHA by committing to engage in conversations with residents and community stakeholders—conversations that would be essential to understanding various perspectives necessary to inform the agency’s path forward. Director Garrett held a series of town hall meetings at several of DCHA’s traditional public housing properties. The sessions provided an opportunity for residents to speak directly to the Director about their concerns and for the Director to speak directly about his intentions and management goals.

Simultaneously, the Director established an “open door” policy for residents. Each month at a standing time, the Director met with residents who wanted to speak with him one-on-one to confidentially discuss any concerns they had. It was also an opportunity for the Director to identify any recurring themes that would inform broader management decisions that may need to be taken. These initial touch points, in addition to the already established monthly Board of Commissioners’ meetings, annual City Council performance/budget oversight hearings, work with the Mayor’s administration, meetings with affordable housing advocates and other key community stakeholders, have been instrumental in shaping the recommendations presented in this plan.

### Initial Engagement and DCHA’s Path Forward

The following summarizes engagement activities that DCHA has undertaken as the results of the agency’s comprehensive review of its traditional public housing portfolio became evident:

- As part of informing residents of the results of the comprehensive portfolio review, with an urgency related to the lead risk assessment component, **DCHA staff, along with Green and Healthy Homes, began meetings in September 2018. The meetings were focused on properties where children reside for which lead hazards were found. At these meetings residents were** provided information and resources related to the lead hazards identified at their property, along with next steps for interim controls (see Appendix for list of meetings).
- Beginning in **late January 2019, DCHA convened a series of policy discussions and meetings with the Board of Commissioners, resident leadership, residents and the affordable housing advocacy community.** These were the start of conversations about determining the agency’s best plan forward for addressing the urgent conditions of DCHA’s portfolio.
- After preparing a set of rehabilitation and redevelopment recommendations for addressing conditions at the 14 properties with extremely urgent needs, the agency **began a broader more comprehensive engagement process in July 2019** focused on meeting with residents from each affected property and the surrounding communities.



DCHA will continue to focus on educating, sharing information and obtaining feedback from residents and other key stakeholders with a focus on plans for these 14 public housing communities. For purposes of the initial set of staff recommendations, a series of meetings and policy discussions are being held with resident leadership, residents, affordable housing advocacy groups, District administration and agencies, Councilmembers and their staff, and community representatives/organizations. Moving forward, DCHA plans to work collaboratively with each affected community so that their engagement can provide direct impact on any future redevelopment plans for their community.

Phase 1 (July 2019-August 2019)—Residents and Stakeholders

Topic(s):

- Property condition findings and funding constraints for addressing conditions

- Preliminary recommendations to the Board of Commissioners for addressing conditions at the 14 extremely urgent properties—focused on the most expedient way to place residents in quality, safe and stable housing

Phase 2 (September 2019-December 2019)—Residents and Stakeholders

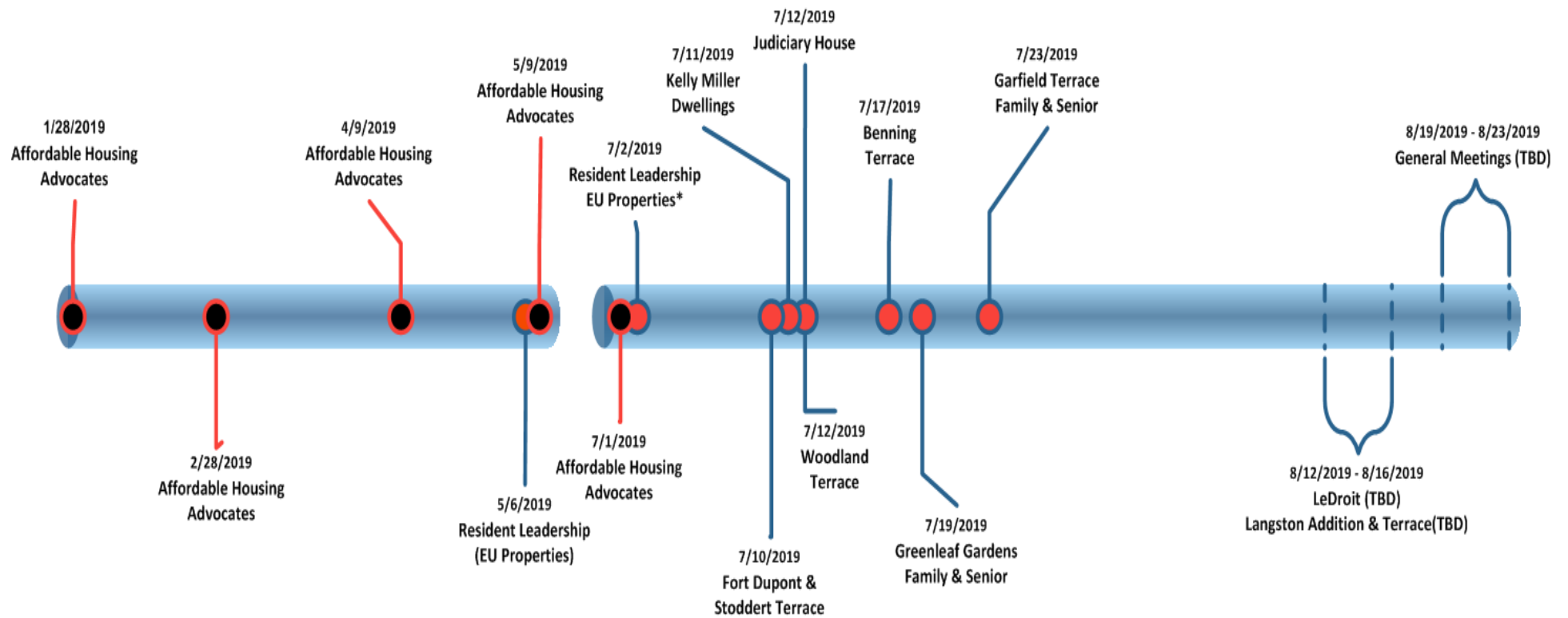
Topic(s):

- Possible long-term approaches for stabilizing the 14 extremely urgent public housing communities in preparation for demolition/disposition and Rental Assistance Demonstration (RAD) applications
- Engagement with residents of affected properties as potential short and long term relocations take shape, beginning with the properties for which DCHA received the \$25.5M allocation from the City.



# Portfolio Stabilization Initiative Community Engagement

(Resident Leadership, Residents, Affordable Housing Advocates)



\*EU—Extremely Urgent

Revised 08/01/19



With an understanding of the enormity of the challenges faced by DCHA and the importance of making sure that our partners are involved and informed, in June 2019, DCHA procured additional professional capacity to assist with the design and implementation of a more robust resident and community engagement strategy. Octane Public Relations, a Certified Business Enterprise (CBE), joined the DCHA team after successfully completing two recent, high-profile local public engagement processes for DC Public Schools and PEPCO /Dominion Power.



## DCHA Residents Participate in the Process

### *The approach...*

Octane's community engagement strategy was implemented to achieve the following goals:

1. To maximize attendance and participation in the 14 community meetings.
2. To provide information and next steps to residents living in affected communities.

Octane employed a set of micro strategies designed to support and supplement DCHA's Community Navigators (staff that typically engage in resident outreach prior to meetings).

### **Resident Engagement Ambassadors**

Residents at the impacted properties were identified to become Resident Engagement Ambassadors to encourage residents to attend the meetings. For each property identified, Octane worked with at least two Resident Engagement Ambassadors who provided in- person contact to invite residents and distribute printed materials with information about the meetings. The utilization of these well-known and trusted residents was crucial to enhancing meaningful and robust attendance at these meetings. Additionally, DCHA engaged with resident leadership at each property before Resident Ambassadors commenced their amplification efforts.

### **Outreach Materials**

Octane developed site specific signage and materials for meetings held at each property.

Resident Engagement Ambassadors had three touch points with residents as part of the outreach effort:

- One week prior to the meeting with a flyer
- Three days prior to the meeting with a palm card
- The day of the meeting with a reminder palm card

Octane also promoted a raffle on to encourage resident attendance.



## DCHA Residents Participate in the Process

### *Outcomes...*

Turnout has been significant turnout at each of the community meetings and several of the gatherings were standing room only. Over 500 attendees have taken part thus far, averaging 75 persons at each meeting.

Residents were active participants in each meeting—showing interest in staff presentations, asking questions and raising concerns.

Topics raised by residents included:

- Right of resident return once work is completed
- Problems with vermin
- Terms and conditions of obtaining a federal housing voucher
- Health and safety concerns related to lead and mold
- Overall revitalization timeline
- Utilization of private partners in revitalization efforts
- Confirmation that remediation plans do not include rent increases
- Health issues related to current living conditions
- Phased development strategies and approaches
- Possible home ownership options for residents
- Resident participation in decision making process concerning future plans
- Funding for DCHA's recommendations
- Possible impact of family relocation on children's transfer to new schools
- Issues with responsive maintenance of units and properties
- Impact of new development on nearby areas nearby
- Relocation assistance and resources



Judiciary House



Greenleaf



## DCHA Residents Participate in the Process

### Meetings...

**July 10, 2019**

Fort Dupont  
Stoddert Terrace

**July 11, 2019**

Kelly Miller

**July 12, 2019**

Judiciary House  
Woodland Terrace

**July 17, 2019**

Benning Terrace

**July 19, 2019**

Greenleaf Gardens  
& Additions

**July 23, 2019**

Garfield Terrace  
Garfield Senior

**August 19, 2019**

Langston Terrace

**August 19, 2019**

LeDroit Apartments

**August 20, 2019**

General Community Meeting  
(East of the River)

**August 21, 2019**

General Community Meeting  
(West of the River)

Octane secured locations for each of the resident meetings either onsite in community rooms or nearby in locations that could accommodate large attendance and provided a moderator to set the tone and help to maintain order in each meeting. Audiovisual services including speakers, microphones for the panelists and two floating microphones for residents were monitored by Octane staff to ensure all questions and comments by residents were heard and addressed. Summaries of resident concerns, presentations and feedback were collected and shared back to DCHA staff and resident leadership in each property.



Kelly Miller



Garfield Senior & Family



## Ongoing Resident and Community Engagement

### Relocation

There will be ongoing resident engagement necessary to ensure that residents are fully informed and prepared for the relocation process—whether it be short-term, mid-term or long-term relocation. Several forms of engagement will be in place and planned to maximize the time necessary to assist residents in the successful navigation of the relocation process—from preparation activities that may require long-lead time (i.e. becoming lease compliant, credit repair, etc.) to moving day support. Interactions will be wide-ranging and scheduled to take place at convenient locations that are accessible to residents, including (but not limited to): on-site at the property(ies), the Southwest Family Enhancement and Career Center/EnVision Center, the Frederick Douglas Community Center, and DCHA's main office. These interactions will include: various one-on-one touches with Navigators, Case Managers, Mobility Specialists and service referral partners; process oriented workshops and informational meetings.

For more details about the relocation process, see the Human Capital section of the plan.

Resident Rights—Community Transformation Advisory Committee Residents and community stakeholders will be involved in the process of identifying important issues and developing guiding principles in order to **ensure that resident rights are protected as DCHA moves forward in stabilizing its portfolio.** (e.g. Rental Assistance Demonstration, mixed finance development, etc.). To help keep resident rights and protections at the center of this process, DCHA has proposed a Community Transformation Advisory Committee facilitated by an experienced third party and comprising residents and members from various stakeholder groups, DCHA Board of Commissioners and DCHA staff. The structure and mission of the committee will be informed by input from residents and community stakeholders, approaches taken by other public housing authorities and recommendations from organizations with experience in this area. The Advisory Council will assist DCHA in drafting regulatory provisions (i.e. eligibility criteria, transfers, grievance rights, etc.), along with mandatory provisions for documents governing non-traditional property operations.

### Community Engagement Plan

The Community Engagement Plan will be enhanced to ensure the ongoing flow of information, including: updates about transformation activities; meeting schedules and summaries; relocation efforts; information about lessons learned in communities facing similar challenges; proposed policies; and links to information about HUD programming. The Community Engagement Plan will include an upgrade of DCHA's web platform and enhancement to the agency's social media presence relative to this work.



WORKING DRAFT

## HUMAN CAPITAL

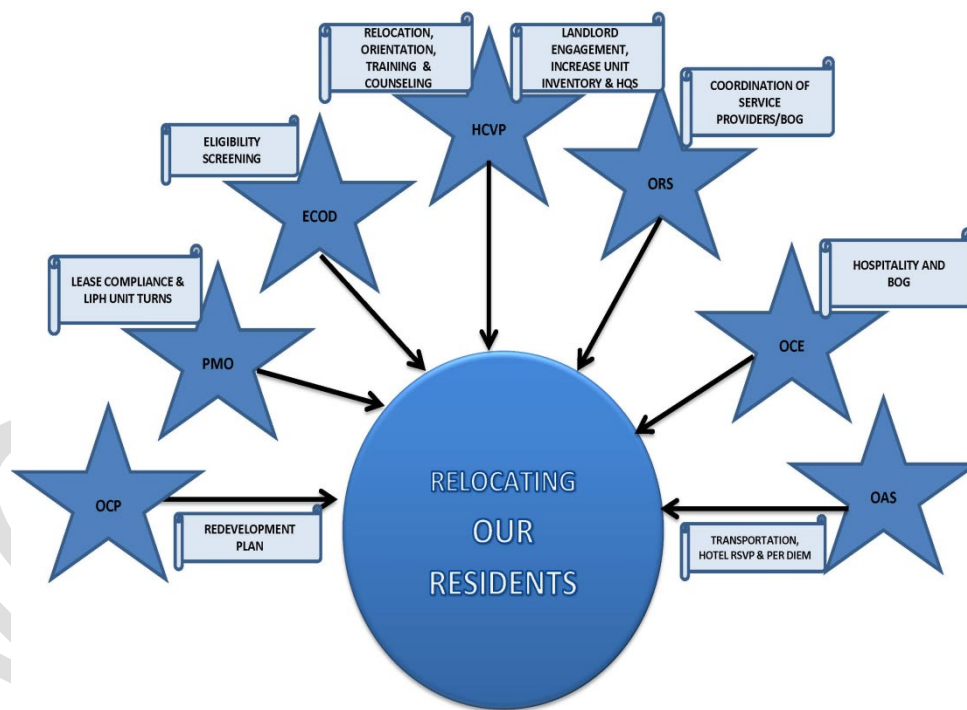


## Human Capital

A crucial facet of DCHA's effort to reposition, rehabilitate, and redevelop its extremely-urgent public housing sites is the agency's ability to efficiently and equitably relocate our residents to safe, affordable housing options while construction activities are underway at the sites. DCHA's approach to the relocation process will be scalable and adjustable for the differing durations of relocation required to accomplish the revitalization of each of the fourteen extremely-urgent sites. See Portfolio Stabilization Strategy section of the plan for detail about the different relocation durations that align with the Human Capital supports provided.

## Inter-Departmental Collaboration

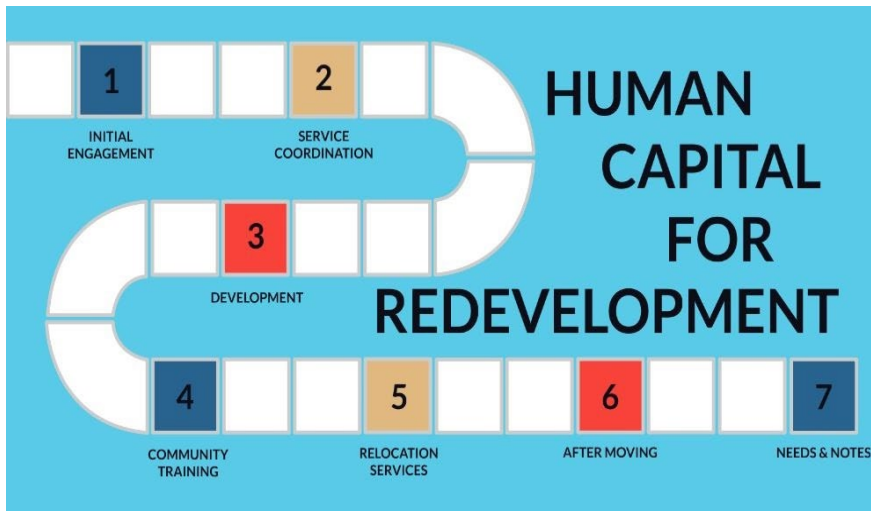
The human capital component of the portfolio stabilization effort, requires cross-departmental coordination to ensure the success of this effort. From the Office of Capital Programs to the Office of Customer Engagement, there are several DCHA departments engaged in this process.



## Preparing Residents for Relocation Success—Timing

DCHA realizes that relocating residents in a manner that prepares them for a successful move depends upon starting the process as soon as possible. As such, **upon approval of the Portfolio Stabilization Plan by DCHA's Board of Commissioners, Property Management Operations, Office of Resident Services (ORS) and Housing Choice Voucher Program teams will begin the process of preparing residents for relocation based on the successive phases identified in the redevelopment schedule.**





### Initial Engagement

#### *Information Session(s)*

After decisions about each property's redevelopment schedule are made, DCHA will host a comprehensive information session preparing residents for the upcoming changes. This will include intentions for their building, initial timelines, lease compliance requirements, introductions to their mobility specialists (Housing Choice Voucher Program staff) who guide residents through the process of finding housing with a voucher, and address expectations for moving to the voucher program including the resources available to help them prepare.

#### *One-on-One Contact*

Currently, Community Navigators from the DCHA Office of Resident Services work directly with residents onsite at DCHA properties

providing service coordination and referrals. Based on their established presence in the community and familiarity with available network of resources, Community Navigators will play a key role in this process by facilitating initial one-on-one contact with each household in this process. Community Navigators will meet with each household at the 14 extremely urgent sites to perform an initial needs assessment. This assessment will inform the types of resources on which to base service referrals, with a focus on those supports necessary to prepare households for relocation. Community Navigators will strongly encourage residents to participate in relevant services and will refer residents as appropriate.

#### *Tracking*

The Urban Institute will track residents throughout the portfolio stabilization process and up to five years post-development. By working with a well-respected research institution, DCHA hopes to ensure every resident's quality of life improves and is maintained through the repositioning process.

### Service Coordination

#### *Case Management*

Comprehensive case management will be offered to every family during the one-on-one contact and residents will be encouraged to take advantage of the service. Case managers will focus on increasing self-sufficiency and preparing clients for their move with the end goal of finding housing that meets their family's needs and achieving the client's goals as set in an individual training and service plan.



Per the National Association of Social Workers, “The primary goal of social work case management is to optimize client functioning and well-being by providing and coordinating high-quality services... to individuals with multiple complex needs... some core functions:

- Engagement with clients
- Assessment of client priorities, strengths, and challenges
- Development and implementation of a care plan
- Monitoring of service delivery
- Evaluation of outcomes
- Closure (including termination or transition follow-up).”

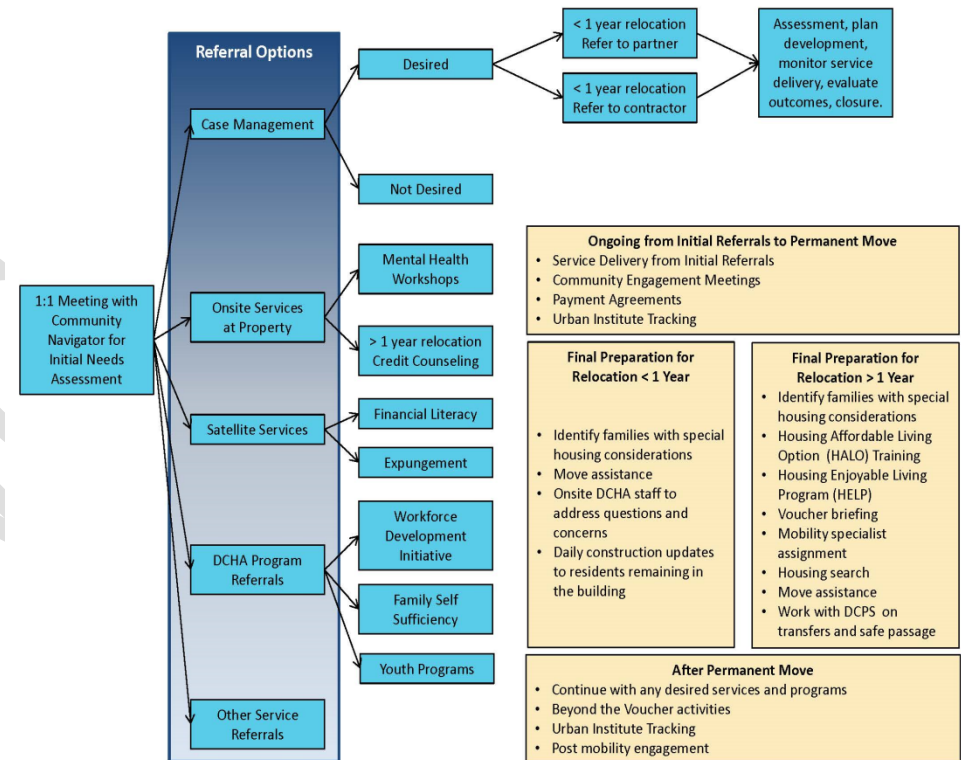
DCHA fully understands that comprehensive case management extends far beyond the current community navigator role and requires specialized clinical training and limited caseloads. DCHA intends to use a two-tiered approach depending on the length of the clients’ relocation.

1. For residents who will be relocated for less than one year, community navigators will refer residents to their ward’s collaborative and other partners.
2. For residents who will be relocated for more than one year, DCHA will contract with a qualified case management service provider to facilitate comprehensive case management services.

The Office of Resident Services will monitor and evaluate the service provider to ensure residents receive the expected level of support. Every family facing relocation for over one year will be strongly

encouraged to meet with their case manager to ensure that they are able to take advantage of all the relocation benefits available to them.

### Overview of Client Touchpoints



DCHA understands that certain barriers exist for our residents when it is time to relocate. In order to ensure our families are provided sufficient opportunity to mitigate any challenges they may have prior



to their relocation, we facilitate the following **comprehensive support and supplementary services**:

#### *Payment Agreements*

DCHA is establishing and enforcing payment agreements to ensure residents are qualified for the voucher program. Public Housing residents must be current in their rent in order to receive a voucher—this includes having a repayment agreement in place if necessary. However, as part of the early intervention case management services, residents will be encouraged to get lease compliant in advance of their relocation.

#### *Credit Counseling*

Credit is one of the biggest challenges residents face when looking for an apartment utilizing the voucher program. To prepare residents for this search, DCHA will establish memorandums of understanding with credit counseling organizations to establish a regular schedule for credit counselors to provide services onsite at the properties where residents will be relocated for over one year. Through information sessions, community navigator outreach, and case management, every client will be strongly encouraged to work with a credit counselor as early as possible in preparation for their voucher.

#### *Financial Literacy Workshops*

DCHA will work with financial literacy experts to provide workshops at least once a month on-site at affected properties and at both the Southwest Family Enhancement and Career Center/EnVision Center

and the Frederick Douglass Center. These workshops will help residents build their financial skill set in preparation for living more independently.

#### *Expungement*

DCHA will work with a legal aid organization that provides expungement services. This service will be available at least once a month at both the Southwest Family Enhancement and Career Center/EnVision Center and the Frederick Douglass Center. Through information sessions and case management, every client with criminal history will be strongly encouraged to work with the organization to expunge any eligible criminal background possible prior to their anticipated move.

#### *Mental Health Workshops*

DCHA will outsource mental health workshops to qualified providers to support communities throughout the transition. Topics for these group sessions could include stress management, coping with change, etc. These sessions will occur regularly at each of the properties. In addition, one-on-one services will be offered through a referral process.

#### *Other Services*

DCHA will expand its partnership with a variety of service providers so Office of Resident Services staff members have a network of partners who can address any need. A very small sample of the types of services staff will be prepared to refer include basic needs, health, mental health, domestic violence, parenting, etc.



## Workforce Development

In addition to the services tailored to residents who will be relocated, there are several DCHA programs that residents may benefit from before, during, and after relocation.

### *Workforce Development Initiative*

The Workforce Development Initiative (WDI) is housed at the Southwest Family Enhancement and Career Center/EnVision Center and prepares DCHA clients and other low-income DC residents for employment through education, training, case management, and job placement services. Working with the WDI can benefit residents by preparing them financially for the voucher program.

Residents will first meet with the intake/case management specialist to establish a plan to meet their career goals. Residents are then referred to services and training, as applicable to meet their goals. WDI works with over 100 partners who provide onsite services and trainings, serve as ongoing referral partners, and/or hire clients served by the WDI. The University of the District of Columbia and the DC Department of Human Services are two of WDI's largest partners. When clients are job-ready in their selected field, they are matched with a job developer who assists them with their job search and refers them to partner employers, including Section 3 contractors. The job developer maintains contact with clients for 90 days following job placement to ensure the client is successful in their new job.

### *Section 3*

As are all DCHA contracts, the contracts associated with redevelopment projects will require contractors to comply with Section 3 by providing, to the greatest extent feasible, employment and other economic opportunities to low-income residents, particularly those receiving government assistance for housing. Section 3 requires that residents receive first preference for all hiring on DCHA projects and that low-income DC residents comprise at least 30% of new hires. Section 3 also requires that the housing authority and its contractors provide opportunities for Section 3 business concerns, which include resident-owned businesses as well as businesses that are owned by or consistently provide opportunities to low-income residents. On construction projects, the goal for this participation is 10% of the total contract value.

DCHA and its Board prioritize the Section 3 program since it provides opportunities to change resident's lives by giving them employment and other economic opportunities for which they are qualified, but may not otherwise receive through normal process.

### *Economic Inclusion Policy*

In addition to HUD's Section 3 requirements and DCHA's Workforce Development Initiative, DCHA recently implemented an agency economic inclusion policy. The policy offers opportunities for disadvantaged businesses, including Section 3 business concerns (see the Section 3 section for description of Section 3 business concerns) to do business with DCHA. In order to provide as many economic opportunities to disadvantaged businesses as possible, DCHA's Economic Inclusion policy requires that development projects over



one million dollars contract a minimum of 35 percent of the contract or development costs to minority business enterprises (MBE), women business enterprises (WBE), small business enterprises (SBE), veteran business enterprises (VBE), labor surplus area businesses (LSA), Section 3 business concerns, and resident-owned businesses.

### *Additional Opportunities for Local Hiring and Contracting*

#### **First Source**

For any project over \$300,000 receiving District funding, First Source requirements also apply. First Source requires that specific percentages of labor hours by job function are completed by DC residents for projects over five million dollars and that 51% of new hires are DC residents on smaller projects. DCHA works with DC's First Source team to ensure DCHA clients receive first hiring priority when First Source applies to housing authority projects.

#### **Certified Business Enterprises**

Projects over \$250,000 receiving only local funds also require contractors to establish a Certified Business Enterprise (CBE) agreement with the Department of Small and Local Business Development (DSLBD) to contract with and procure from local businesses. This requirement provides additional opportunities for DC businesses. Even when projects are not locally funded, DCHA works closely with DSLBD to encourage CBEs to bid for DCHA contracts.

#### **New Market Tax Credits/Community Benefits Agreements**

When New Market Tax Credits are utilized to support a development project, a Community Benefit Agreement (CBA) is required. CBAs are negotiated for each project, but often include benefits such as employment opportunities for residents and/or funding for DCHA's Commitment to Excellence Scholarship Program.

#### **Resident-Owned Businesses**

DCHA is also working to develop additional opportunities for residents, including resident-owned businesses. DCHA's Workforce Development Initiative (WDI) established a partnership with DSLBD and numerous other organizations, including the University of the District of Columbia, to assist residents interested in starting a business.

#### **Family Self-Sufficiency**

The Family Self-Sufficiency (FSS) program fosters residents' self-sufficiency in a goal-oriented program that provides case management, financial literacy, and asset building services. Program coordinators build partnerships within the community to assist participants with additional supportive services and stability.

#### **Youth Programming**

DCHA works with youth to provide academic support and a variety of leadership and other opportunities outside of school. Programming includes the following:

- Do Your B.E.S.T.— a summer youth employment program.
- The Commitment to Excellence Scholarship Program (CESP), which provides scholarships to DCHA clients who are continuing their education as a full-time student at an accredited school.



- Onsite out of school time programming through service providers.
- Black History Month activities.
- A backpack giveaway event to prepare students for the school year.
- Book giveaways sponsored by the DC Public Library to help students build their personal libraries.
- Christmas gifts through Gift of Love, in partnership with A Wider Circle.
- Coat donations provided by Macy's, Operation Warm, and Children's Charities Foundation.

#### *Housing Affordable Living Option*

Housing Affordable Living Options (HALO) is a DCHA program that encourages upward mobility by referring voucher holders to move into better neighborhoods for their families. HALO provides incentives to private property owners to rent to lower income families.

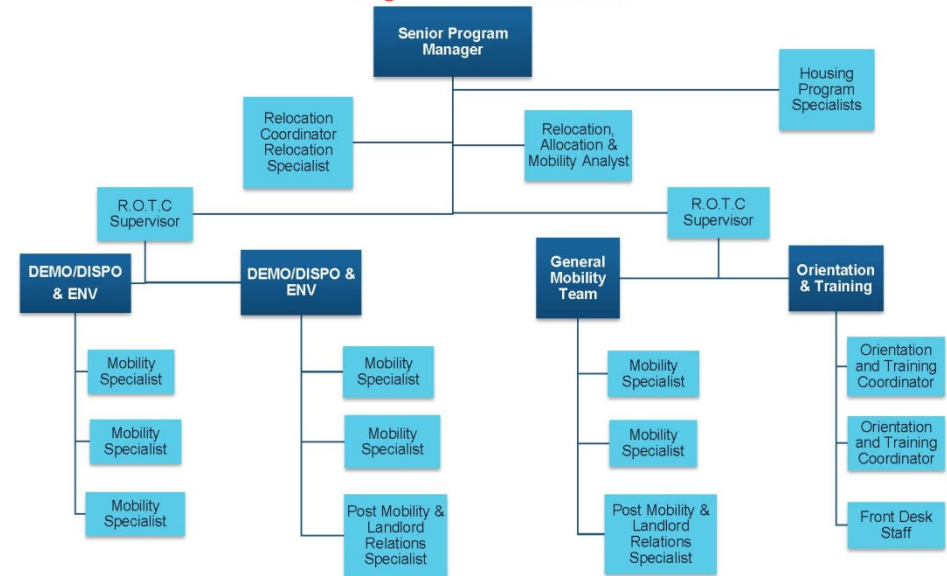
#### Relocation Services

DCHA Capacity

### Relocation, Orientation, Training and Counseling (ROTC)

Housing Choice Voucher Program

Organizational Structure



To prepare the agency for the number of residents transitioning from public housing to the voucher program, **DCHA has developed within HCVP a robust new division structure** that includes relocation staff, mobility specialists, post mobility and landlord engagement staff and added the mediation team to the newly developed Relocation, Orientation, Training and Counseling (ROTC) division.



### *Subsidy Preference and Housing Needs*

Relocation staff will survey residents to determine their subsidy preference (public housing or HCV) and housing needs—i.e. location, unit type, etc.

### *Special Considerations*

To ensure successful relocation, DCHA will position supports to meet households where they are, including those with special considerations that may make the relocation process more challenging. DCHA is aware that there are residents who may require services unique to their respective situations. Among the residents that DCHA is prepared to begin working with prior to relocation to address any challenges that may impact a successful move include: seniors, residents with mobility impairments requiring accessible features, and residents with mental health challenges. In addition, DCHA will work with households with limited private market experience, households with income over 80% of area median income so they do not qualify for either local or federal vouchers, and households requiring three or more bedrooms. DCHA also recognizes that relocation may be more difficult for clients with poor credit; however, this will be managed by working with landlords to lower requirements and case-by-case with clients.

### *Housing Enjoyable Living Program*

In preparation for working with the mobility specialist, the mobility team will provide Housing Enjoyable Living Program (HELP) training to residents. This training is designed to assist families with making a successful transition from public housing to the Housing Choice

Voucher Program. Training topics include reminders about the importance of timely recertification, how to be a good tenant, and how to be a good neighbor.

### *Mobility Specialists*

Each extremely urgent site will be assigned a Mobility Manager who will be intimately involved with the assigned site. Each household moving from public housing to a unit subsidized by a voucher begins working with their assigned Mobility Specialist when a voucher is issued. The specialist guides the household through the entire door to door process of moving from their old unit to opening the door of their new home making the transition as smooth as possible. This guidance includes working through the administrative side of the voucher program, finding an appropriate unit for their family, and financial readiness discussions.

### **Transitioning to Voucher (Moving)**

After being deemed eligible for the voucher, the residents attend a voucher briefing where staff reviews the details of the program and are issued a voucher. Residents will be assigned a Mobility Specialist shortly thereafter. The head of household will also have an opportunity to participate in a meet-and-lease, which allows the resident to meet prospective landlords, take a virtual tour of units and possibly expedite the lease-up process. Assistance may be provided with application fees and security deposits. In an effort to assist persons with disabilities in securing units with assistive features, mobility specialists will guide head of households through the process of interacting with programs like Safe at Home.



HCVP is continuing to strengthen relationships with owners/landlords. Routinely, an email blast is sent to owners/landlords requesting units of specific bedroom size. This effort has increased the number of units maintained in our electronic unit repository. Owners/landlords who have residents in search status are courted by HCVP to ensure that those units remain in the program and leased to another participant after unit-turn status. HCVP consistently receives referrals of new owners/landlords interested in leasing their units to participants, and to increase unit inventory, HCVP routinely engages with housing professionals (including realtors) and local agencies/organizations regarding untapped owners/landlords in the District who can assist with adding to our inventory of units.

DCHA will contract moving services to a qualified bidder. The contractor will assist residents by providing packing supplies, packing residents who require such assistance, and physically moving families to their new unit.

#### *Temporary Relocation for Less Than One Year*

Residents who are relocated for less than one year will receive alternative services focused on making the temporary move as smooth and comfortable as possible. This will include having a dedicated team who visits the site to address questions and concerns, providing daily construction updates to residents remaining in the building, and assisting residents with their bags as they arrive at and depart from their temporary housing. When possible, residents will be given the option to remain in their temporary unit.

#### *District of Columbia Public Schools*

DCHA recognizes that moving can be disruptive to students' education and will partner with DCPS and OSSE to minimize the impact. The partnership will focus on working with families on transfer options and establishing safe passage routes for students who will remain at their old school.

#### *After Moving*

##### *Continued Services*

Residents will have the option to continue indefinitely with any of the referred services and development activities they started during their transition including Family Self-Sufficiency, workforce development, and youth services. To ensure that the households are smoothly transitioning into their new communities, post-mobility engagement will occur throughout the first year of relocation.

##### *Beyond the Voucher*

Beyond the Voucher is an Office of Customer Engagement initiative that provides services to youth, adults, and seniors participating in DCHA's voucher program. Youth services focus on service learning and include a variety of academic and extracurricular activities. Services for adults focus on economic independence, which include employment readiness training, credit counseling, and homeownership. Finally, senior services focus on stabilization, largely focusing on health and socializing.

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[1] National Association of Social Workers. (2013). NASW Standards for Social Work Case Management. Retrieved from <https://www.socialworkers.org/LinkClick.aspx?fileticket=acrzqmEfhlo=&portalid=0>.



WORKING DRAFT

## GLOSSARY OF TERMS



## Glossary of Terms

**Affordable Housing:** Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care. An estimated 12 million renter and homeowner households now pay more than 50 percent of their annual incomes for housing. A family with one full-time worker earning the minimum wage that cannot afford the local fair-market rent for a two-bedroom apartment anywhere in the United States is eligible for housing assistance.

**Annual Contributions Contract (ACC):** Formula-based subsidy received from HUD to operate public housing units. The subsidy was originally provided to make the debt service payments on bonds that were issued to construct the housing, later when public housing was fully upfront capital funded, the operating subsidy took its place. The contract includes all the requirements with which a PHA has to comply in exchange for those subsidy payments.

**Area Median Income (AMI):** This refers to the point at which half the household incomes are above that point and half are below that point for a given geographical area (for the District of Columbia this area includes some parts of Maryland and Virginia). Median income is used as the starting point to determine which families or individuals are eligible for housing assistance. Most generally, affordable housing assistance is available to families earning less than or equal to 80% of AMI, except in the case of tax credits, which are limited to families earning at or below

60% of AMI. Even where funding programs allow for higher incomes, DCHA may restrict certain units to families earning lower incomes to ensure housing is available to very low-income families.

Based on current HUD income limits, affordable units are restricted to families earning up to 80% of AMI. Generally, the units are divided between extremely low (at or below 30% AMI), very low (up to 50% AMI) and low (up to 80% AMI).

**CHOICE Neighborhoods Initiative:** A HUD-funded grant program to revitalize severely distressed public and assisted housing as well as the social revitalization of the families in the neighborhood. The Choice Neighborhoods Initiative has three core areas of focus: People, Housing and Neighborhood. Improving the educational achievements of the entire family is a focus of the program - working with individual family members from cradle to college and career.

**Community Development Block Grant funds (CDBG):** Formula based Federal funds provided to state governments and certain large cities and counties for specific eligible public improvements. Smaller cities get their funds through their state government. The District of Columbia gets CDBG funds directly from the Federal government. Certain infrastructure costs can be funded with CDBG funds but not direct housing construction costs.

**Comp Mod (Comprehensive Modernization)** – Extensive interior demolition, new doors, windows, appliances and finishes. Replacement of major infrastructure systems such as plumbing, electrical, HVAC. May



include reconfiguration of units. Usually includes full abatement of environmental hazards.

**Debt Service:** The amount of money needed to pay principal and interest on bonds that have been issued. Payments are usually made monthly and are included in the operating budgets for housing developments.

**Development vs. Redevelopment:** Development refers to building on vacant land whereas redevelopment refers to the demolition of existing structures and replacing them with newly constructed buildings.

**Extremely Urgent Unit:** Housing units in a state of disrepair which presents hazardous physical and environmental conditions for residents, or would without urgent action.

**Fair Market Rent:** Fair Market Rents (FMRs) determine the eligibility of rental housing units for the Section 8 Housing Assistance Payments program. Section 8 Rental Certificate program participants cannot rent units whose rents exceed the FMRs. FMRs also serve as the payment standard used to calculate subsidies under the Rental Voucher program. The U.S. Department of Housing and Urban Development (HUD) annually estimates FMRs for 354 metropolitan areas and 2,350 nonmetropolitan county FMR areas.

**Historic Tax Credits:** Private equity for use in the rehabilitation of buildings determined to be historic. The money is raised from private investors who are allowed to reduce their Federal tax liability if they

provide equity for the preservation of eligible properties. Because Langston Terrace is an historic property, DCHA could apply for and, if granted, could utilize the equity from the sale of those Historic Tax Credits to fund a portion of the rehabilitation costs.

**Home Purchase Assistance Program (HPAP):** A District of Columbia Department of Housing and Community Development (DHCD) funded program, administered by the Greater Washington Urban League, HPAP provides up to \$70,000 for down payment assistance to very low-, low-, and moderate- income eligible households. The District of Columbia Housing Finance Agency (DCHFA) provides homebuyer education and counseling for HPAP recipients.

**Homeownership Assistance Program (HOAP):** DCHA's homeownership program in which eligible HCVP participants utilize their voucher subsidy to purchase a home. The voucher subsidy makes up the difference between the mortgage and 30% of the purchaser's income for a period of up to 15 years. This program serves families earning up to 80% of AMI. The voucher purchasers for the redevelopment projects are required to complete homebuyer education and counseling and provide a certificate of completion. In addition, families are required to apply for HPAP assistance and provide the Notice of Eligibility from HPAP.

**HOPE VI:** A HUD-funded competitive grant program for the physical and social revitalization of severely distressed public housing.



**Housing Choice Voucher Program:** The housing choice voucher program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses and apartments. The participant is free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects.

**Housing Production Trust Fund (HPTF):** Money generated by the District government by designating that a portion of deed recordation and transfer tax revenues flow to this fund to provide capital and operating subsidy to affordable housing developments. (See [www.dhcd.dc.gov](http://www.dhcd.dc.gov) for more information on HPTF.)

**Inclusionary Zoning:** Refers to city planning ordinances that require a given share of new construction be affordable to people with low to moderate incomes in exchange for some benefit to the developer (such as increased density). Inclusionary Housing is the term used to describe housing that has a mix of incomes often ranging from low (all three definitions) to moderate to market. These units can be produced through a variety of mechanisms such as an Inclusionary Zoning Ordinance, financing mechanisms, public policies and political pressure.

**Leveraging of Funds:** Refers to utilizing a grant, or another source of funds, to attract additional sources of funds for investment in a project.

For example, HOPE VI funds are used to leverage private equity or bond funds to finance our HOPE VI redevelopment activities.

**Low Income Housing Tax Credit (LIHTC):** See Historic Tax Credits above. However, instead of the equity raised through the sale of the tax credits going to Historic Preservation activities the funds are used to finance low-income housing.

**Major Rehabilitation** – Select interior demolition, new doors, windows, appliances and finishes. Upgrades to major infrastructure systems such as plumbing, electrical, HVAC. Includes abatement and/or control of environmental hazards.

**Minor Rehabilitation** – Addressing minor cosmetic or non-structural issues. Includes rodent extermination, mold abatement, and interior unit updates. Includes interim controls of environmental hazards.

**Mixed-Income:** A development which provides a set number of units for families in different income categories, generally, low-income, moderate-income and market rate (or non-subsidized).

**New Market Tax Credits (NMTCs)** – A program designed to facilitate investments that generate employment and other community benefits for low-income people and residents of low-income communities. Federal income tax credits are provided to private investors based on their investments made in entities that have received an allocation of NMTCs. Entities that receive an allocation of NMTCs must use the proceeds of these investments to provide equity or debt capital to



businesses or real estate projects located in census tracts that are located in low-income communities.<sup>1</sup>

**Operating Proforma:** The projected amount of operating income and expenses for a given housing development. It is often projected for a 20-year time frame. Some people use the single word proforma to cover both sources and uses (see below) and operating income and expenses.

**Operating Subsidy** – HUD provides operating subsidy to housing authorities to assist in funding the operating and maintenance expenses of their own dwellings, in accordance with Section 9 of the U.S. Housing Act of 1937, as amended. The subsidies are required to help maintain services and provide minimum operating reserves for housing authorities. HUD administers operating subsidy through the Operating Fund.<sup>2</sup>

**Opportunity Zones** – An Opportunity Zone is an economically-distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment. Localities qualify as Opportunity Zones if they have been nominated for that designation by the state and

that nomination has been certified by the Secretary of the U.S. Treasury via his delegation of authority to the Internal Revenue Service.<sup>3</sup>

**Opt-out:** In the context of the Housing Choice Voucher Program, this refers to property owners under contract with HUD or DCHA to provide subsidized housing paid for by project-based HCVP resources who choose not to renew that contract once it expires. The effect of this is that those units are no longer affordable to low-income families.

**Payment in Lieu of Taxes (PILOT):** Traditionally Housing Authorities have been exempted from normal property taxes assessed by its city government, but instead pay a percentage of rents collected reduced by utility expenses paid out. The “PILOT” associated with Arthur Capper is more consistent with the definition of Tax Increment Financing (TIF). A TIF provides bond proceeds for improvements which will later lead to an increase in the assessed value of the property being developed or redeveloped and sometimes including surrounding properties. The increased tax revenue realized by the development or redevelopment is dedicated to pay the debt service on the bonds. Under this form of PILOT, the entire amount of increased tax revenue or some percentage negotiated with the City is devoted to making debt service payments

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[https://files.hudexchange.info/resources/documents/NewMarketsTaxCredit\\_ProgramSummary.pdf](https://files.hudexchange.info/resources/documents/NewMarketsTaxCredit_ProgramSummary.pdf)

<sup>2</sup> [https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/ph/programs](https://www.hud.gov/program_offices/public_indian_housing/programs/ph/programs)

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<sup>3</sup> <https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions>



**Per Unit Month (PUM):** Usually used to express the amount of rent collected, utilities used, subsidy received, etc. For example, the average rent collected from residents at Syphax Gardens is \$325 PUM.

**Planned Unit Development (PUD):** A development characterized by a unified site design for a number of housing units, clustered buildings, common open space and a mix of building types and land uses, which may be in a slightly denser setting than allowable by the zoning category. When granted, qualification as a PUD provides some flexibility with regard to zoning regulations, often increased density and/or permitted uses.

**Project-Based Subsidy:** In contrast to a tenant-based subsidy, which can be utilized by the certificate holder in any unit where a landlord will accept the subsidy, project-based subsidy is tied to a particular unit. If a family vacates the unit, the subsidy stays with the unit and becomes available to another eligible family. Also referred to as Project-based vouchers.

**Rehabilitation –** A general term used to describe construction work done to repair and enhance the quality of public housing properties. There are numerous types of rehabilitation. See glossary for associated definitions of minor rehabilitation, major rehabilitation, and comprehensive modernization.

**Relocation:** The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 provides important protections and assistance for people affected by the acquisition, rehabilitation, or

demolition of real property for Federal or federally funded projects. This law was enacted by Congress to ensure that individuals' whose real property is acquired, or who must move as a direct result of public housing projects receiving Federal funds, are treated fairly and equitably, and they receive assistance in moving from the property they occupy.

**Rental Assistance Demonstration (RAD):** voluntary program of HUD which seeks to preserve public housing by providing Public Housing Agencies (PHAs) with access to more stable funding to make needed improvements to properties. This entails converting the public housing funding subsidy (also known as Section 9) to the Section 8 funding subsidy.

**Request for Proposals (RFP):** A document used to solicit proposals for contracts in a competitive procurement process.

**Sale of assets –** Strategic land-sales to raise capital to perform construction activities on other sites.

**Section 3:** Obligates Housing Authorities to provide low-income residents access to jobs and contracting opportunities that are created by federal funding.

**Section 5(h):** A HUD program which permits PHAs to sell all or part of a public housing development to eligible residents.



**Section 18:** Section 18 of the U.S. Housing Act of 1937 dictates how and why a PHA may decide to tear down (demolish) or sell (dispose) public housing properties. In general, a PHA may decide to demolish a development if the development is obsolete as to physical condition, location or other factors, making it unsuitable for housing purposes, and no reasonable program of modifications is cost-effective to return the public housing project or portion of the project to its useful life. There are also several justifications for disposition of a public housing development, including the PHA has otherwise determined that the disposition is appropriate for reasons which are consistent with the goals of the PHA and its PHA Plan and are otherwise consistent with the U.S. Housing Act of 1937. If the PHA plans to sell the development for consideration which is less than fair market value, the PHA must demonstrate that the disposition will result in a commensurate public benefit and will be in the best interest of the PHA and its residents. As a reminder, the November 13 letter referred to “new flexibilities” under Section 18. These flexibilities were added between March and December 2018 and primarily focus on the ways in which Section 18 and RAD can be blended together. The flexibilities permit certain properties converting under RAD to receive Section 18 approval and tenant protection vouchers, for a portion of units as long as it is part of a strategy to replace and redevelop the units.<sup>5</sup> PHAs are given the ability to convert at least 75 percent of public housing units in a project under RAD and to convert through disposition up to 25 percent of public housing units within the project to Section 8 project-based voucher assistance. The tenant protection vouchers allow the PHA to move residents out of the property in order to make significant improvements to the property.

**Soft Mortgage:** A subsidized mortgage that is combined with a conventional mortgage to cover the cost of purchasing a home. The mortgage is referred to as “soft” when the debt associated with the mortgage may be forgiven over time if certain conditions defined by the lender are met. For DCHA HOPE VI projects, for example, a soft mortgage may be forgiven if the family stays in the home for a period of ten years.

**Sources and Uses:** Refers to the listing of the source of all project funds (grants, loans, etc.) and how those funds will be utilized in the development or redevelopment of the project. It is the Construction budget as opposed to the operating budget.

**Substantial Rehabilitation:** Means rehabilitation that involves costs in excess of a given percent, often 75% of the value of the building after rehabilitation. Generally, this includes gutting the building and replacing major systems. Sustainable Housing

**Targets of Opportunity Properties (TOP):** This is a term used internally by DCHA to describe properties which have been identified as candidates for redevelopment but for which DCHA lacks the sources of funds to carry out such redevelopment (previously referred to as unfunded properties).

**Tax Exempt Bond Financing:** When bonds are issued by an eligible entity, such as DCHA, District of Columbia Housing Finance Agency, or the District of Columbia government, the purchaser of such bonds does not have to pay Federal income taxes on the interest that they earn, and are,



in some cases, also exempt from State income tax. As a result, these bonds carry a somewhat lower interest rate than taxable bonds or conventional mortgages. The tax exempt bond interest rate determines the interest rate paid by the user of the bond proceeds (e.g. affordable housing developers).

**Tenant Protection Voucher:** Tenant Protection vouchers assist PHAs with relocation or replacement housing needs that result from the demolition, disposition, or mandatory conversion of public housing units. Also, tenant protection vouchers include providing assistance to families living in section 8 projects for which the owner is opting out of the HAP contract, HUD is taking enforcement action against owners with project-based assistance, and projects for which the owner is prepaying the mortgage.

**Total Development Cost (TDC):** The sum of all costs, hard (construction) and soft (non- construction), for site acquisition, relocation, demolition, planning, design, legal, construction and equipment, as well as interest, and carrying charges during development or redevelopment.

**Uniform Federal Accessibility Standards (UFAS):** Very detailed accessibility standards governing such things as doorway widths, cabinet counters, turn-around spaces, switch heights, etc. for federally-subsidized units which are to be occupied by a low income household with at least one family member with a physical disability. **Very Urgent Unit:** Units toggling close to extremely urgent category (see definition above).



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## APPENDIX



## SNAPSHOT OF DCHA PARTNERSHIPS WITH LOCAL SERVICE PROVIDERS



## Snapshot of DCHA Partnerships with Local Service Providers

As DCHA embarks on this period of transition, the first and foremost goal is to ensure that residents have consistent access to high-quality services to support their unique and dynamic goals. DCHA has a wide network of partner organizations that work with our residents already. In general, there are two existing points of contact that residents have to be connected with services. First, the Southwest Family Enhancement and Career Center, also a HUD-designated EnVision Center, offers both onsite services and can provide referrals for residents to other organizations. Second, the Community Navigators are DCHA staff who work at public housing properties. Many properties have established a Memorandum of Understanding (MOU) with a service provider who offers regular programming onsite at the property.

**The Southwest Family Enhancement and Career Center has established partnerships with the following organizations.**

Partner Name	Service Provided	Onsite/Referral
A Wider Circle	Family Wrap-Around Services	Referral
A& E Collective	Blueprint Reading	Onsite
Alliance to End Strong	Financial Literacy	Referral
BB&T	Financial Literacy	Referral
Bread for the City	Family Wrap-Around Services	Referral
Building Futures	Pre-Apprenticeship Training	Onsite
Byte Back	Digital Literacy	Referral/Onsite
Capital City Mambo Sauce	Entrepreneurship	Event
Capitol Hill Group Ministry	Basic needs	Referral
Capreit	Education/Employment	Referral
Career Team	Workforce Development	Referral

Partner Name	Service Provided	Onsite/Referral
Carry Coleman	Food Handler's Certification Training	Onsite
Central Union Mission	Family Wrap-Around Services	Referral
Change Inc.	Supportive services for people with disabilities	Referral
Clifton Larson Allen	Digital Literacy	Onsite
Community Family Life Services	Family Wrap-Around Services	Referral
Community Partnership	Housing Assistance	Referral
Davis & Davis Advisors	Financial Literacy	Event/Referral
DC Central Kitchen	Workforce Development/Employment	Referral
DC Credit Union	Financial Literacy	Event/Referral
DC Department of Behavioral Health (DBH)	Mental Health	Referral
DC Department of Employment Services (DOES)	Workforce Development	Referral
DC Department of Housing & Community Development (DHCD)	Housing	Referral
DC Department of Small & Local Business Development (DSLBD)	Entrepreneurship	Referral
DC Infrastructure Academy (DCIA)	American Job Center	Referral
DC Solar Project	Training/Employment	Referral
DC-Re-Engagement Center (OSSE)	GED program	Referral
Department of Human Services (DHS)	Medicaid, SNAP, TANF & Re-Certifications	Onsite
Donohue Development Company	Education/Employment	Referral
Dress for Success	Professional Attire	Referral
East of the River Family Strengthening	Wrap-around services	Referral



Partner Name	Service Provided	Onsite/Referral
Collaborative		
Far Southeast Family Strengthening Collaborative (FSFSC)	Case Management	Referral
Friendship Place	Family Wrap-Around Services	Referral
Generation (McKinsey connection)	Hospitality & Restaurant Services Training/Employment	Referral
Guidewell Financial Solutions	Financial Literacy	Event/Referral
Housing Assistance Council	Housing Assistance	Referral
Housing Counseling Services	Housing & Credit Counseling	Referral
Job Corps	Workforce Development	Onsite/Referral
Latino Economic Development Center	Financial Literacy	Onsite/Referral/Event
LightHouse DC	Furniture and household goods	Referral
Little Lights	Out-of-School Time	Referral
Living Classrooms	Workforce Development/Employment	Onsite/Referral
Melwood	Employment/Workforce Development - special needs	Referral
Office of the State Superintendent of Education (OSSE)	Education	Referral
Ramunda Young Incorporated	Entrepreneurship	Event
ReMax Distinctive	Digital Literacy	Onsite/Event
Samaritan Ministry of Greater Washington	Family Wrap-Around Services	Referral
Sasha Bruce Youthworks	Workforce Development - youth	Referral
Sherwin Williams	Painting Certifications	Onsite
Smart from the Start	Education	Referral
So Others Might Eat (S.O.M.E.)	Housing Assistance	Referral
TD Bank	Financial Literacy	Event/Referral

Partner Name	Service Provided	Onsite/Referral
The Good Project	Youth Services	Onsite
The Greater Washington Urban League	Homeownership, workforce, youth, wellness, etc.	Referral
The Love Dynasty Catering	Entrepreneurship	Event
Thinkbox	Entrepreneurship	Onsite
Thrive DC	Family Wrap-Around Services	Referral
Training Grounds	Entrepreneurship	Referral
United Planning Organization (UPO)	Workforce Development/Training	Referral
University of the District of Columbia Community College (UDC- Agr.)	Agriculture Workshops/Training	Referral
University of the District of Columbia Community College (UDC-CC)	Education	Onsite
US Probate Office	Expungement	Referral
US Vets	Workforce Development/Employment	Referral
Ward8Works	Workforce Development/Employment	Referral
Washington Area Community Investment Fund	Financial Literacy	Referral
Work Safety Lab	OSHA Certifications/First Aid & CPR Certifications	Onsite
Yaay Me	Out-of-School Time	Referral
YMCA	Overall Health & Wellness	Referral



The Community Navigators at the following properties work with the service providers listed. These service providers offer consistent and high-quality programming for the public housing community.

Partner Organization	DCHA Property
A Wider Circle	Highland
Beyond Light	Park Morton
City Gate	Richardson Dwellings
Day Break Ministries	Lincoln Heights
Exodus Treatment Center	Woodland Terrace
Homes for Hope	Lincoln Heights
Humanity in Transition	Stoddert Terrace
Little Lights Urban Ministries	Hopkins and Potomac Gardens Family
Safe Haven	Sibley Plaza
Sasha Bruce	Richardson Dwellings
Smart from the Start	Woodland Terrace
Uniting Our Youth	Kelly Miller and Langston Dwellings
Total Family Care	Potomac Gardens Family



## DCHA Existing Development Pipeline

- 1133 N. Capitol St, NE
- Barry Farm (NCI)
- Capitol Gateway
- Capper Square 767
- Capper Master Plan (739, 768, 882S)
- Greenleaf Gardens RFP
- Kenilworth Courts
- Lincoln Heights (NCI)
- Park Morton (NCI)
- RAD MELVO (Montana, Elvans, Lincoln, Villager, Ontario)
- Sursum Turn-Key

