



## **District of Columbia Housing Authority**

1133 North Capitol Street, NE Washington, DC 20002-7599  
202-535-1000

Adnanne Todman, Executive Director

Zoning Commission of the  
District of Columbia  
441 4<sup>th</sup> Street, N.W  
Suite 210S  
Washington, DC 20001

Re: Time Extension Request For Squares 739, 767, and 768-  
Zoning Commission Order No 03-121/03-131

Dear Members of the Zoning Commission:

In 2001, the District of Columbia Housing Authority ("DCHA") was awarded by the US Department of Housing and Urban Development ("HUD") a \$34.9 million HOPE VI grant to revitalize the former Capper and Carrollsburg public housing communities. The goal of the grant was to replace the 707 public housing units that had previously been on the site, create a mixed use/mixed income community, and build a community center. These funds, in large part, were used to relocate the families who lived at the site, raze the existing structures, undertake the master development process that culminated in the 2003 PUD, and provide financing for construction of the first two buildings at the site.

As the project moved forward and to accelerate the pace of construction of public housing units at Capper, DCHA applied for and obtained additional funding from the federal and District governments. In 2006, DCHA received authorization from the Mayor and City Council to issue a public infrastructure bond required to repair or replace the underground infrastructure and streetscape, demolish existing structures, prepare parcels for redevelopment, and to provide for community amenities. Additionally, DCHA obtained federal stimulus funds and District funds to jumpstart construction or fill financing gaps where required.

After construction of the Capper Senior building and 400 M Street, the financing model that we used with our development partners (Capper Carrollsburg Venture, LLC) was to extract the value of the land and utilize these funds to finance a portion of the construction costs of the public housing units. As such, since the construction of the town homes and moving forward, construction of the public housing units has been directly impacted by market conditions associated with market rate units such as financing, market absorption of new units, and land values. As a result, the economic downturn that this nation faced starting in 2008 and the slow recovery since has had a dramatic impact in the pace at which new units can be financed not only at Capper, but throughout the District where DCHA has active HOPE VI grants and other development opportunities.

In addition to the market conditions that have impacted the pace at which the public housing units have been constructed at this site, there are other factors that have and will continue to impact the revitalization plan at the Capper Carrollsburg HOPE VI site. Among them are

- **Capital Markets**

Over the years, financing of public housing units within a mixed income project has become more difficult. By way of example, financing for the soon to be constructed multifamily building on Square 882 took over four years to close. We first sought financing for this project from an FHA loan guarantee and the use of a then existing Build America Bond. This approach failed because HUD determined that the DC market had been oversaturated with FHA loans. When this approach was no longer available, we sought conventional financing via an 80-20 financing model. This approach required the use of creative approaches to structures, bridge loans, and other methods in order to satisfy the permanent lender and the low income housing tax credit investors.

- **30% LIHTC Boost**

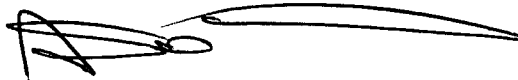
Through December 20, 2013 the Capper and Carrollsborg HOPE VI site had been designated as a "difficult development area". This designation allowed any development at our site financed with Low Income Housing Tax Credits to receive a 30% increase in the amount of equity that could be generated. The US Census data for 2013 shows that given the development in this area the boost in credits is no longer available. The net effect on future public housing construction is that 30% more equity will need to be generated by the project.

- **Leveraging Potentials**

Moving forward, DCHA counts with additional financing mechanisms that had previously not been available. As a limited deregulated public housing agency ("Moving To Work" designation), DCHA has received HUD approval for a number of programs that we had not previously had available. DCHA will have the option to use a blending of funds to allow for a higher subsidy level on the public housing units. This in turn allows for a high mortgage to be placed on these units. Placing a mortgage on a public housing unit is a recent change in HUD regulations and allows DCHA to creatively finance projects in the future. Also, the DCHA Board of Commissioners recently allowed for the creation of a guarantor entity that allows DCHA to either jointly develop or be the sole developer of public housing development projects. This mechanism allows DCHA to participate in the development of projects by potentially bringing additional funds and additional guarantees to the project. These and other mechanisms have heretofore not been available to DCHA and our development partners, but will be available for future components.

DCHA continues to aggressively move forward to ensure that the one-for-one replacement of public housing goal at the former Capper and Carrollsborg public housing communities is met. Over the next years we will use tools that are available for the construction of public housing units and continue to seek other financing models and approaches that assist DCHA fulfill its revitalization goals.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adrienne Todman', with a long horizontal flourish extending to the right.

Adrienne Todman