Jim Dickerson, Founder and Chairman of Manna, Inc.
Testimony for Case No. 08-06A - General Procedures - In Opposition
November 19, 2013

Good evening....ADU owners from 5 market-rate buildings have submitted testimony to the Zoning Commission concerning extremely detrimental issues with their units, their 20 year resale-restricted covenants, their financial hardship and ruin as a result of not being fully and clearly informed of the bad consequences visited upon them when they bought their units and testimony about their concern about issues that future IZ and ADU owners will face like them. The Zoning Commission holds the covenants for ADUs in 2 of those buildings: the Fedora and Chase Point. I have attached a detailed example from Chase Point. Some of these owners could not attend tonight due to the extra jobs they are working to afford rising condo fees, major health issues, or still being scared to speak about their issues publicly. While the devastating consequences of other ADU units and buildings have been submitted and testified to tonight, I would particularly like to alert you to issues at Chase Point Condominiums in Ward 3, right near the Friendship Heights metro stop and ask you to take action to rectify the situation for these beleaguered ADU owners..

At Chase Point, there are 5 ADUs in a building of 108 units; some of the market-rate units in that building are worth over $1.5 million and a Yemeni official owns three units that he uses when he comes into town. All of the ADU owners have seen their condo fees almost double since they purchased in 2008. Each of these lower income owners is paying close to or over $800 a month in condo fees; for some of them, their condo fee is more than their monthly mortgage payment. They have attempted to work with their condo association on fee increases, but the association is under no obligation to control fee increases for ADU owners and they feel costs should be spread as evenly as possible across all condo owners regardless of the enormous income disparities between market rate owners and ADU owners. This is outrageous and totally drives lower income ADU owners into deeper poverty and creates tremendous stresses on their lives. Is this not what the Zoning Commission had in mind when it created these units. But they never considered the detrimental impact and consequences these units would have on ADU owners, and it never listened to those of us telling it so. My experience was that the ZC disregarded and failed to heed our warnings and pleas to the contrary.

The Chase Point board is currently being sued by a former owner, and has sought legal counsel worth over $200,000. The board is spreading the cost of this across all of the owners equally, resulting in a $1,920 special assessment to be paid over 4 months. When some of the lower income ADU owners asked for an extension, the condo board denied them. This adds to the suspicion that market rate owners actually don't want them in the building anyway. These ADU owners have spent so much more money on their units than they ever expected or were informed/warned about prior to their purchase and they have lost thousands of dollars and are now losing more. It is a never ending financial sink hole for them and it is destroying them financially and emotionally.

If one looked at these covenants and the terrible results upon low income people they could be considered predatory if they were private and not government.

Manna as an organization and I personally have been involved in this issue since it was ill conceived several years ago. I've been around a lot of well intentioned government programs gone awry for lower income people. This has to be one of the worst in my experience and opinion. Plus, It has had a tremendously negative effect on our production and sale of affordable homeownership housing (NOT RENTAL!!! HOMEOWNERSHIP AND RENTAL ARE DIFFERENT!!). Even though we warned of these terrible consequences upon lower income home purchasers, we were totally ignored and arrogantly dismissed. I hope that won't be the case this time! We now have real live human examples. It is also a fact that it is nightmare and impossibility to administer (see the algorithem (we call "The Algorithem from Hell") attached) used to calculate buyers resale price !!!! tell me who among you can figure this out? To say nothing of a first time lower income buyer. Please work with the Department of Housing and Community Development to change these and other covenants, allow these buyers to be made whole and start over and create a different and workable program for lower income owners...We stand ready to work with you in this regard.

.Thank you.

Rev Jim Dickerson
Founder Chair Manna Inc
Pastor New Community Church

DHCD Affordable Housing Covenant - Limitation on Future Sales Price

In addition to Income Eligibility of Future Buyer

Homeowner will have to contact DHCD to determine what price they can sell their home for, and DHCD will calculate a Maximum Resale Price based on the following formula. Language from Manna's Bexhill / Ivy City Covenant.

D. Determining Sale Price of Affordable Unit During the Occupancy Period

1. The re-sale price of each Affordable Unit for each subsequent Sale shall not exceed the Maximum Resale Price ("**Maximum Resale Price**" or "**MRP**") which shall be determined through use of the formula MRP = (P x F) + V ("Resale Formula"), where:

P = the price the Affordable Owner paid for the Affordable Unit;

F = the sum of the Ten Year Compound Annual Growth Rates of the AMI from the year of purchase to the year of sale. This function can be described by the following equation.

F = (1 + [((AMI Year m /AMI Year m-10) ^ (1/10) -1)+...((AMI Year k /AMI year k-10) ^ (1/10) -1) / n]) ^ n

Where: m = year in which property is purchased
k = year in which property is sold
n = number of years the property is owned

or as published by the DHCD.

V = the sum of the value of Eligible Capital Improvements and Eligible Replacement and Repair Costs.

Area Median Income for Washington DC

Year		AMI	10yr CAGR*	Ann GR
2012	$	107,300	1.606%	-0.19%
2011	$	107,500	2.304%	3.86%
2010	$	103,500	2.257%	0.78%
2009	$	102,700	2.671%	3.74%
2008	$	99,000	3.193%	4.76%
2007	$	94,500	3.002%	4.65%
2006	$	90,300	2.832%	1.12%
2005	$	89,300	3.600%	4.57%
2004	$	85,400		0.71%
2003	$	84,800		-7.32%
2002	$	91,500		6.89%
2001	$	85,600		3.38%
2000	$	82,800		4.94%
1999	$	78,900		9.13%
1998	$	72,300		2.84%
1997	$	70,300		2.93%
1996	$	68,300		8.93%
1995	$	62,700		

*Compound Annual Growth Rate

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example	2005 purchase	$ 200,000	F =	123.592%
	2013 Sale		MRP	247,183.79
			Appreciation	47,183.79

1. The re-sale price of each Affordable Unit for each subsequent Sale and the amount of any refinancing of any existing deed of trust or new lien from the Affordable Owner shall not exceed the Maximum Resale Price ("Maximum Resale Price" or "MRP") which shall be determined through use of the formula MRP = (P x F) + V ("Resale Formula"), where:

P = the price the Affordable Owner paid for the Affordable Unit;

F = the sum of the Ten Year Compound Annual Growth Rates of the AMI from the year of purchase to the year of sale. This function can be described by the following equation.

F = (1 + [((AMI Year m /AMI Year m-10) ^ (1/10) -1)+...((AMI Year k /AMI year k-10) ^ (1/10) -1) / n]) ^ n

Where: m = year in which property is purchased
k = year in which property is sold
n = number of years the property is owned

or as published by DHCD.

V = the sum of the value of approved Eligible Capital Improvements and approved Eligible Replacement and Repair Costs.