

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: June 28, 2002

SUBJECT: Fiscal Impact Statement: "Housing Finance Agency
Amendment Act of 2002"

REFERENCE: Bill Number 14-345 as Introduced

Conclusion

Funds are sufficient in the proposed FY 2003 through FY 2006 budget and financial plan to implement the Housing Finance Agency Amendment Act of 2001. The proposed legislation would amend DC Code to permit the District of Columbia Housing Finance Agency (HFA) to acquire, dispose of, rehabilitate, construct and operate real estate for affordable housing purposes on its own, or in partnership with other development entities. Because the HFA is a self-sustaining independent agency, funds are not needed from the District to facilitate this program expansion.

Background

This bill would give the HFA authority to own and develop property into affordable housing. Locally, the HFA's in Virginia's Fairfax County and Maryland's Montgomery County have this authority.

The joint venture activities and housing providers that the HFA will partner with are non-profit housing providers and resident associations; projects that incorporate very-low income units and preserve affordability where a sale to anyone other than the resident association would cause significant displacement. The HFA program would also focus on properties that have characteristics (e.g. tax or water liens) that complicate development and are overlooked by traditional developers and non-profit organizations.

As the owner and developer of an affordable housing project, the HFA would be able to issue HFA-backed bonds, notes and other obligations. The District's volume cap would not be eroded because tax-exempt bond financing for issuer owned housing does not require an allocation of bond volume cap.

Financial Plan Impact

Funds are sufficient in the proposed FY 2003 through FY 2006 budget and financial plan to implement the provisions of the proposed legislation. This legislation is a regulatory change that will allow HFA – a self-sustaining independent agency – to expand its service offerings. All new joint ownership projects will make use of existing HFA resources and follow the same development process as other HFA sponsored projects.