

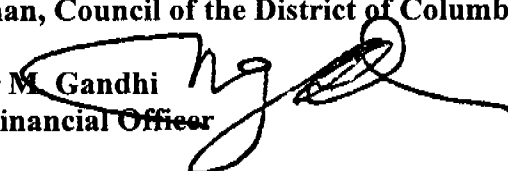
**Government of the District of Columbia
Office of the Chief Financial Officer**



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: DEC 11 2006

SUBJECT: Fiscal Impact Statement: "District of Columbia Workforce Housing Land Trust Design and Implementation Plan for FY 2007 Approval Resolution of 2006"

REFERENCE: Proposed Resolution As Introduced

Conclusion

Funds are sufficient in the FY 2007 through FY 2010 budget and financial plan to implement the proposed legislation. No additional staff or resources will be required.

Background

The proposed resolution would approve the Mayor's plan to implement a workforce housing program in the District. The goal of the "District of Columbia Workforce Housing Land Trust: Design and Implementation Plan" ("Plan") is to make homeownership affordable to working families who would be unable to purchase in the District, given recent house price appreciation. The Plan would start as a pilot program of 1,000 units of workforce housing within the Washington Housing Land Trust (WHLT), growing to 1,500 units in five years, with the capacity to grow further with additional public funds and/or land.

The essential parameters of the Plan include:

- Establishment of a land trust – a private entity with a public mission – that will own land and provide 99-year leases to purchasers of homes preserved or built on trust land.
- Utilization of local partners:

- Development and construction financing by local banks;
 - Local housing counseling agencies;
 - Local for-profit and non-profit developers.
- A city subsidy of \$10 million (including \$5 million dedicated to Workforce Housing identified in Subtitle II-D of the FY 2007 Budget Support Act of 2006) to leverage \$65 million in federal New Markets Tax Credits.

The Plan's structure and benefits for homebuyers include:

- Low-cost financing for 25% of the purchase price;
- Conventional financing, following a 3% down payment by the homebuyers, from local lenders for the remaining 72% of purchase price, with no mortgage insurance;
- Receipt of equity plus 25% of appreciation, upon resale to an eligible workforce owner-occupant;
- Indefinite availability for sale to moderate-income residents with no additional government subsidy;
- Over time, upon resale, the units generally become affordable to families at lower income levels. Currently, a family earning approximately \$73,000 would be able to afford a home in the District.

Financial Plan Impact

Funds are sufficient in the FY 2007 through FY 2010 budget and financial plan to implement the proposed legislation. The proposed legislation indicates that a public subsidy of \$10 million will be given to the Land Trust to support affordable housing. The Office of the Deputy Mayor for Planning and Economic Development has identified \$5 million from Subtitle II-D of the FY 2007 Budget Support Act of 2006 (which creates the Comprehensive Housing Task Force Fund), \$4 million from the Housing Production Trust Fund, and \$1 million from fund balance in the IRB program.