



Amend B20-604, “Affordable Homeownership Preservation and Equity Accumulation Amendment Act of 2013”

Proposed bill changing the Housing Production Trust Fund would cut off long term affordable homeownership programs; deplete future resources

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The “Affordable Homeownership Preservation and Equity Accumulation Amendment Act of 2013,” Council Bill 20-604, over time could reduce the amount of resources available for future housing needs by shrinking how much of the public’s investment in affordable housing is preserved. While the bill currently proposed would make several changes that would exclude many current affordable homeownership organization’s efforts, amendments to reverse these proposed changes have been agreed to by the key supporters of the bill with the Coalition for Non-Profit Housing and Economic Development (CNHED).

As written, the bill would weaken the current Housing Production Trust Fund law in three ways:

- Shortens and terminates the affordability control period required from 10 to 5 years in “distressed” neighborhoods;
- Terminates all affordability periods at 15 years, which would make long term homeowner affordability programs ineligible, such as community land trusts and shared equity approaches for assisted homeownership. Current law requires *at least* 15 years, this bill would set the opposite standard – a maximum of 15 years for affordability.
- Changes the definition of “distressed neighborhoods” from 30% to 20% poverty rate based on Census data, expanding areas that would be designated “distressed” to over one-third of the city including rapidly changing neighborhoods like Columbia Heights, Bloomingdale, Petworth, and Trinidad.

Needed amendments to bill:

1. Eliminate cap on 15 years for length of affordability, restore “at least 15 years” for continuing affordability for for-sale units. Eliminate cap on 5 year terms for distressed neighborhoods, but allow a term as short as 5 years. The CNHED workgroup supporting this bill has agreed to support this amendment.
2. Add a subsidy preservation provision to allow different models of affordable homeownership that sustain the subsidy in the unit, regardless of the term in years or months. Permit permanent affordability based on shared equity, a limited cooperative, or community land trust model. The CNHED workgroup supporting this bill has agreed to support this amendment.
3. Use a more accurate and targeted approach to identifying “distressed” neighborhoods – where subsidized buyers are reluctant to buy due to low price appreciation. Redefine “distressed areas” based on current DC Office of Tax and Revenue (OTR) home sales data defining “distressed” as sub-neighborhoods where median sales prices are 50% below median sales price for the District and 50% below annual median appreciation for the District. Census data is not a good source because it is several years out of date. DC’s rapidly changing market requires more up to date information to identify truly distressed neighborhoods. Using current home sales data from OTR is a more specific measure to address the problem of certain neighborhoods that cannot attract homebuyers and investment due to low sales prices and low appreciation. Poverty is an indirect and lagging measure of what might be occurring in the home sales market. The CNHED workgroup supporting this bill has not agreed to support this amendment. This remains the key point of disagreement among affordable housing advocates.

Strengthen the HPTF to increase affordable homeownership into the future:

The HPTF could be strengthened by giving priority to affordable homeownership projects that provide both a competitive return on investment to assisted owners while also preserving the subsidy and sustaining the unit’s affordability in neighborhoods experiencing rising values. Encouraging a shared equity homeownership resale approach will build wealth for the assisted individual and preserve the community’s investment in an affordable housing stock for future families. Rather than setting terms in years, set terms through shared equity agreements for assisted buyers so they can better anticipate their return on investment and feel free to sell whenever they choose.