April 20, 2007

# THE DISTRICT'S HOUSING PRODUCTION TRUST FUND HAS DEVELOPED THOUSANDS OF AFFORDABLE UNITS SINCE FY 2001

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The District's Housing Production Trust Fund (HPTF) was established in the late 1980s, but it did not receive notable funding until FY 2001. Since then, the Trust Fund has supported the construction, rehabilitation, and/or acquisition of over sixteen hundred units affordable to low- and moderate-income households. Thousands more are currently in the process of being developed. These units — which will remain affordable for 40 years in the case of rental units and 15 years in the case of ownership units — represent a critical asset for the city, as residents continue to experience significant housing affordability pressures.[1]

In recent years, the Housing Production Trust Fund has become the primary affordable housing development tool in the District. The number of units developed under the Trust Fund has increased sharply since FY 2005, leading to a substantial increase in expenditures. These successes, combined with efforts to use the Trust Fund for an increasing number of purposes, have resulted in a situation where demands for Trust Fund resources now exceed available funds. To maintain its success, the Trust Fund will need additional resources.

## KEY FINDINGS

- Some 5,039 units have been completed or are in the development pipeline due to the direct support of the Housing Production Trust Fund (HPTF).
- The HPTF has expended $121 million on projects, leveraging some $648 million in financing from other sources, both private and public.
- The number of units developed under the Trust Fund has grown dramatically, from a few hundred in FY 2001 to nearly 1,500 in FY 2006. Expenditures from the Trust Fund also have risen, reaching $30 million in just the first quarter of FY 2007. This is nearly as high as in the entire year for FY 2005 and FY 2006.
- In 4 of the 6 complete fiscal years since FY 2001, the HPTF has met or exceeded its target to utilize at least 40 percent of its expenditures on units for households with income under 30% of AMI.
- Overall, since FY 2001, 33.3% of the units either completed or in the pipeline have been affordable to households with income under 30% of AMI; some 37.4% have been for households between 31 and 50% of AMI; and 29.4% have been for households between 51 and 80% of AMI.
- The majority — 4,244 units, or 84% — of the 5,039 units supported by the HPTF have been rental units, with 478 units reserved for elderly residents and 109 units reserved for residents with special needs.
- The HPTF is experiencing tremendous demand. In order to meet the affordable housing financing needs of the city, it will need increased revenue.

[1] Ownership units in high-poverty Census tracts carry a reduced affordability period of 10 years.

Data compiled by the Department of Housing and Community Development (DHCD) and analyzed by the DC Fiscal Policy Institute and the Coalition for Nonprofit Housing and Economic Development indicate the following:

- Since FY 2001, the HPTF has funded 1,670 completed units of affordable housing; another 3,369 units are in the development pipeline. The 5,039 units either completed or in the pipeline have been supported directly by the HPTF, but those units sit on projects that include an additional 1,858 units, for a total of 6,897 units which would have been impossible to produce without HPTF support. [2]

- The vast majority — 4,244 units, or 84 percent — of the 5,039 units supported by the HPTF are rental units. Some 11.3 percent of those rentals — 478 units — are reserved for elderly residents and another 2.6 percent — 109 units — are for residents with special needs.

- The HPTF has expended $121 million on projects, leveraging some $648 million in financing from other sources, both private and public.

- The HPTF, required by law to utilize 40 percent of its expenditures each fiscal year on units for households with income below 30 percent of AMI — $28,350 in 2007 for a four-person household — met or exceeded that goal in four of the six complete fiscal years since FY 2001.[3]

- Overall, since FY 2001, 33.3 percent of the units, including those with expenditures and those without expenditures to date, are affordable to households with income under 30 percent of AMI; some 37.4 percent are affordable to households with income between 31 and 50 percent of AMI; and 29.4 percent are affordable to households with income between 51 and 80 percent of AMI.

- HPTF-funded affordable housing projects are located in all wards of the city, with the exception of Ward 3. Almost three-fifths are east of the Anacostia River, with Ward 8 accounting for fully 40 percent of the overall units — both produced units and units in the development pipeline. Wards 1 and 5 each account for 13 percent of the units produced, while nine percent of the units are in Ward 2, and three percent each are in Wards 4 and 6.

- Overall, between FY 2001 and FY 2006, the HPTF averaged $38,547 per unit in subsidy when both the total number of completed and pipeline units are considered; if only the completed units are considered, the average per-unit subsidy was $37,341.

The pace of production of affordable housing under the Housing Production Trust Fund has picked up dramatically in recent years, from a few hundred units in FY 2001 to 1,500 units in FY 2006. As a result, expenditures from the HPTF also have increased substantially. In just the first three months of FY 2007, Trust Fund expenditures totaled $30 million, more than in any year prior to FY 2006.

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[2] It is important to note that some of the projects supported by the Housing Production Trust Fund are mixed-income developments. While all of the units directly supported by the Trust Fund must be affordable to households at or below 80% of area median income, leveraged units may not be.

[3] Although the law that authorized the HPTF, *DC Official Code* §42-2802, requires DHCD to report affordability mix by amounts expended each year, the regulations governing the HPTF allow DHCD to report affordability mix by amounts awarded each year. Using the "award" standard, the HPTF met or exceeded its goal in five of the six completed fiscal years since FY 2001.

Although the HPTF has spent millions of dollars to fund thousands of units of affordable housing since FY 2001, the Trust Fund maintained a fund balance of $88 million at the end of the first quarter of FY 2007. An analysis of the Trust Fund's commitments, however, reveals that projected expenditures outweigh both the fund balance and additional revenues the Trust Fund expects to receive.

- Considering both fund balance and revenues to be added in the remaining three quarters of FY 2007, the HPTF will have $136 million at its disposal for the remainder of FY 2007.

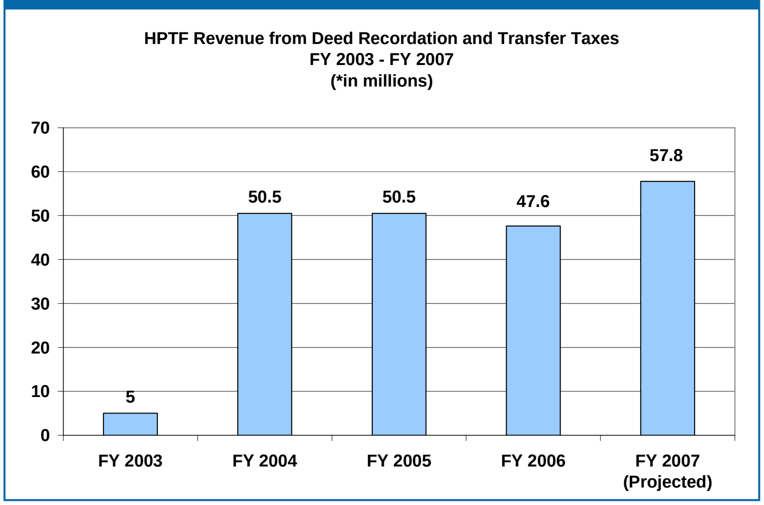
- By comparison, the HPTF currently faces $243 million in identified spending needs, including $142 million for affordable housing projects that have already been competitively selected by DHCD. Some projects at early stages of development may be withdrawn, and other projects may not need funding until FY 2008. Nevertheless, it is clear that demand for HPTF resources is high and exceeds available funds.

The significant spending demands against the current fund balance will require careful deliberation and management in the coming years. While expenditures have been increasing rapidly, revenue projections will likely level off as the housing market cools, and the dedicated deed taxes shrink. Meanwhile, the city's high level of demand for affordable housing continues unabated. This suggests that additional resources may need to be identified to meet the demands currently being placed on the Trust Fund.

## History of the Housing Production Trust Fund

The Housing Production Trust Fund is a local, dedicated fund for the production of affordable housing in the District of Columbia. It was established in 1988, but did not receive its first revenue contribution until FY 2001. This one-time $25 million contribution resulting from the sale of a city-owned parcel marked a significant beginning. Despite its impressive balance, however, the Trust Fund at this time still lacked an ongoing revenue source.

FIGURE 1



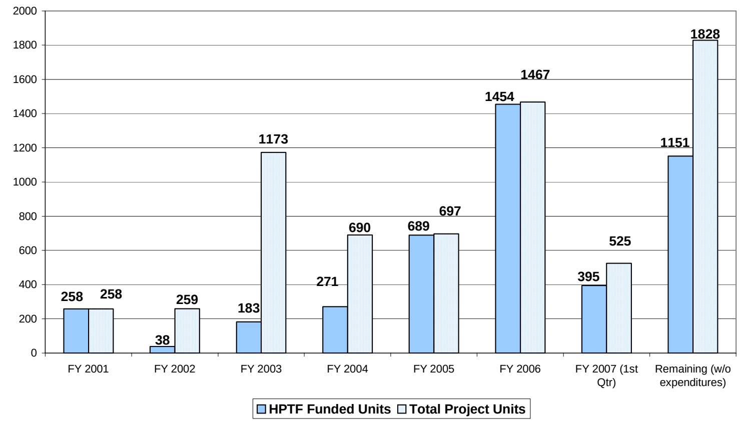

This changed in January 2002, with the passage of the Housing Act of 2002, legislation that dedicated 15 percent of the District's real estate recordation and transfer taxes to the Fund. The establishment of a dedicated revenue stream for the Trust Fund coincided with a period of rapid escalation of the housing market in the District, and the dedicated deed taxes produced a growing source of revenue. Deed tax revenue of the HPTF rose from $5 million in FY 2003 to $50.5 million in FY 2005, with last fiscal year's total dipping slightly to $47.6 million. For FY 2007, the City Council adopted legislation that increased the deed recordation and transfer tax rate from 1.1 to 1.45 percent, resulting in an increase in funding for the Housing Production Trust Fund. Projected funding for FY 2007 is $57.8 million, a record high.

## Use of the Trust Fund Has Increased in Recent Years

Figure 2 shows that use of the HPTF got off to a slow start, producing only a few hundred units per year through FY 2004. This, in part, reflects the fact that all residential development projects are complex, but none more so than affordable housing developments that require multiple public and private funding streams. The Housing Production Trust Fund has evolved to become the go-to source for funding affordable housing in the District. The Trust Fund expended funds for nearly 700 units in FY 2005, nearly 1,500 units in FY 2006, and nearly 400 units in just the first quarter of 2007.

FIGURE 2

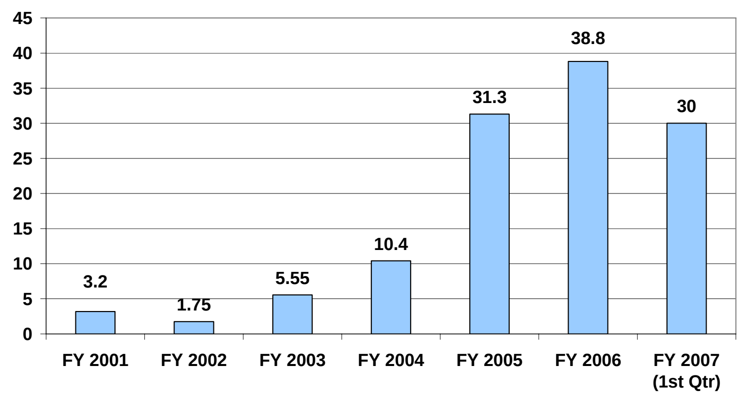
HPTF and Total Project Units by Fiscal Year
2001 - 2007




Expenditures from the Trust Fund likewise have increased sharply in recent years, rising from $3.2 million in FY 2001 to $38.8 million in FY 2006. In the first quarter of FY 2007 alone, HPTF expenditures were $30 million. (See Figure 3.)

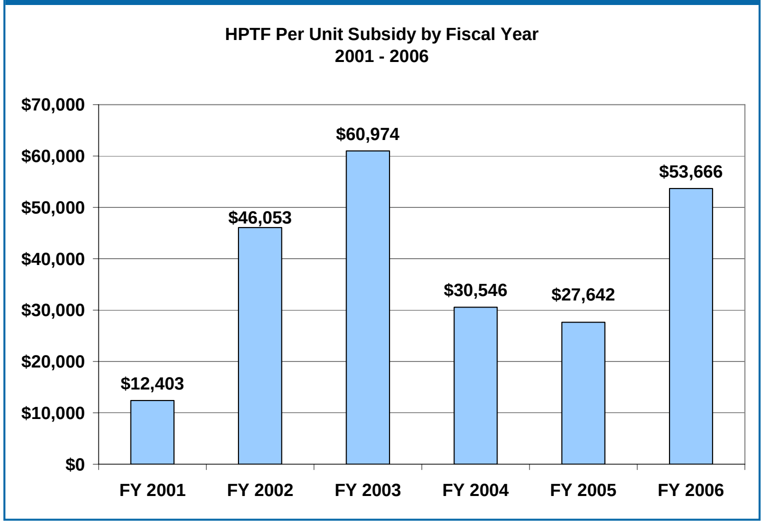
FIGURE 3

HPTF Expenditures by Fiscal Year
2001 - 2007 (1st Qtr.)
*in millions



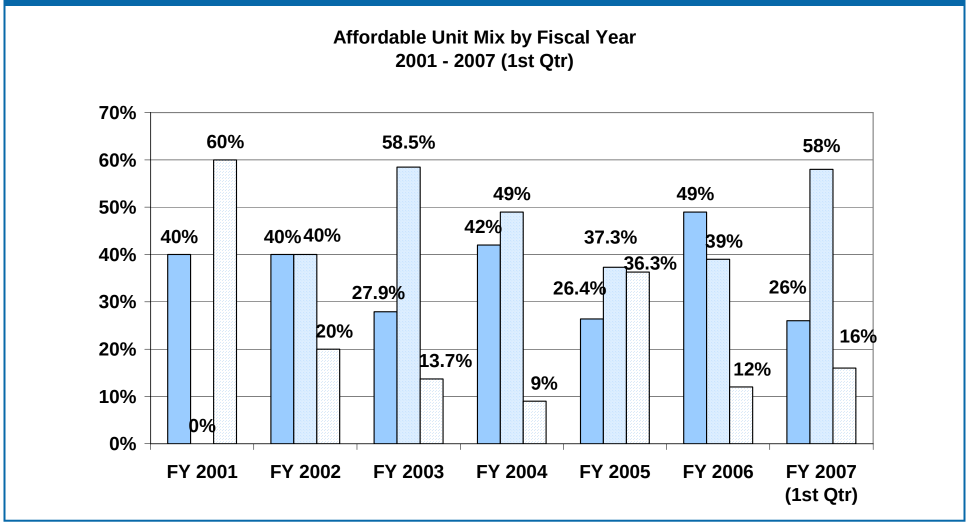
The subsidy per unit has fluctuated over the years, from a low of $12,403 per unit in FY 2001, to a high of $60,974 per unit in FY 2003. Overall, though, the subsidy per unit averaged $38,547 between FY 2001 and FY 2006. (See Figure 4. Note that units were organized by award year rather than by expenditure to calculate per-unit subsidy; FY 2007 was not included because the fiscal year is not complete.)

FIGURE 4




The HPTF is required to utilize 40 percent of its expenditures annually on units for households with income at or below 30 percent of AMI and another 40 percent on households with income between 31 and 50 percent of AMI. The HPTF met or exceeded this goal in four of the six complete fiscal years since FY 2001. The HPTF exceeded its limit of utilizing 20 percent of annual expenditures on households with income between 51 and 80 percent of AMI in two of the six complete fiscal years since FY 2001. (See Figure 5.)

FIGURE 5



The HPTF has produced affordable units in every ward of the city except Ward 3. Some three out of every five units are located in Wards 7 and 8 — 40 percent in Ward 8 and 19 percent in Ward 7. Wards 1 and 5 each have 13 percent of the HPTF-supported units, and Ward 2 has nine percent. Wards 4 and 6 each have three percent of the HPTF-supported units. (See Table 1.)

TABLE 1

HPTF Units by Ward

| Ward | 30% of AMI or less | 31 to 50 % of AMI | 51 to 80% of AMI | Total |
|---|---|---|---|---|
| 1 | 276 | 222 | 178 | 676 |
| 2 | 191 | 229 | 30 | 450 |
| 3 | 0 | 0 | 0 | 0 |
| 4 | 19 | 107 | 10 | 136 |
| 5 | 210 | 171 | 299 | 680 |
| 6 | 55 | 44 | 50 | 149 |
| 7 | 242 | 449 | 258 | 949 |
| 8 | 684 | 661 | 654 | 1999 |
| Total | 1677 | 1883 | 1479 | 5039 |

## The Current Financial Status of the Housing Production Trust Fund

At the end of the first quarter of FY 2007, the Housing Production Trust Fund had a balance of $88.2 million. Despite this sizable balance, however, the HPTF supports a multiplicity of uses that significantly outweigh the current fund balance.

- **New Communities:** A portion of HPTF, currently $12 million annually, is set aside to support the New Communities Initiative. The New Communities Initiative involves the comprehensive redevelopment of selected neighborhoods that have experienced historically high poverty and crime rates. The city expects to securitize $6 million annually in support of Northwest One, the first New Communities site; additional sites requiring future funding may include Lincoln Heights, Barry Farms, Park Morton, and other sites as may be identified. In addition to the initial $6 million HPTF set-aside, an additional $6 million has been identified for securitization; finalization requires City Council approval.[4]

- **Site Acquisition for Nonprofits** A portion of the HPTF also is dedicated to the Site Acquisition Funding Initiative (SAFI), designed to speed the acquisition of properties by nonprofits that will develop them as affordable housing projects. SAFI is a relatively new initiative, in which approved lenders match DHCD funds, making loan funds available on an accelerated timeline to allow nonprofit developers to act competitively and acquire parcels quickly. As of the end of FY 2007 1st quarter, DHCD had disbursed $20 million to five financial intermediaries. These intermediaries have closed thirteen loans worth $24 million, $10.8 million of which is Trust Fund money. The HPTF anticipates lending an additional $10 million in FY 2007.

[4] When a revenue source (or a portion thereof) is securitized, the District issues bonds and uses the securitized portion of the revenue source to repay the bond. In the case of New Communities, with a $12 million securitization the District will likely secure over $140 million in bond financing, which would be paid back over 15 to 20 years with the annual note of $12 million.

- **Tenant Purchase:** The Housing Production Trust Fund is the primary financial support to help tenant associations use their "first right to purchase" their buildings when a landlord is ready to sell, an important citywide anti-displacement effort. The availability of public funds for tenants to acquire their buildings is critical; otherwise, it is unlikely that private lenders would be willing to participate in financing these transactions. The District anticipates devoting $14 million of HPTF funds to this effort in FY 2007.

- **Existing and New Projects:** The bulk of the Housing Production Trust Fund is used to make loans to nonprofit and for-profit developers to help finance individual affordable housing projects. Some $142 million in HPTF funds have been set aside for such competitively selected projects. In FY 2007, the Department of Housing and Community Development released a Request for Proposals (RFP) for $37 million, and it anticipates releasing a similar RFP before the end of FY 2007.

In addition to these demands, the city is currently developing plans to produce 2,500 units of permanent supportive housing, an initiative that will likely require HPTF assistance. Moreover, as New Communities advances in its planning and redevelopment, it is likely that additional financing will be needed from the Trust Fund. All of these potential uses indicate that the Trust Fund's $88 million cash balance is virtually claimed, and that more resources will be needed to continue to address the District's compelling affordable housing needs.

### The Process of Developing Affordable Housing Can Be Complex and Time-Consuming

Residential development projects — whether funded completely by the private sector or receiving public funds — often take years to move from planning through to completion. This is especially true for affordable housing deals, which typically involve complex financing structures with multiple funding streams. The DHCD, charged with Trust Fund management and oversight, classifies development projects into the following funding stages:

**Earmarked —** Projects selected for underwriting, following competitive evaluation and scoring of financing applications submitted to the Department of Housing and Community Development. In this phase, development plans and financing projections are examined closely by DHCD. Projects deemed feasible and sound move forward in the process, and DHCD "earmarks" funds for these projects, though no formal commitment of funds is made. These projects then go through a more rigorous analysis of their financing, known as "underwriting."
**Commitment** — Projects with completed underwriting, and executed letters of commitment, agreements between the developer and the District for a given project. Letters of commitment set out the terms of the District's share of the project financing, including funding level, projected timing, and affordability mix.
**Obligation** — Once a project closes on financing with the District, the District then "obligates" funds and enters the project in the city's accounting system. At this point, the developer starts to receive funds from the District; the timing of fund disbursements will depend on the type and complexity of each project.
**Completion**- These projects have had all of their obligated funds disbursed.
**Withdrawn**- These projects were selected for underwriting, but withdrawn by the applicant either independently or at the suggestion of DHCD.[5]

Public funding may occur multiple times for one project. A project may, for instance, be funded as an acquisition and then re-enter the pipeline some months later for construction financing. Alternately, the costs or the scope of work may increase as a project gets underway, and the sponsor may submit an application for additional funding. For each of those applications, the project would move through each of the funding phases identified above.

The total time to expend all the obligated funds on a project may be several years for complex construction projects, or it may be a negligible amount of time to finance a straightforward acquisition. The complex reality of affordable housing financing necessitates that the Trust Fund hold a cash balance against previous commitments that will be funded over multiple fiscal years.

[5] It is not uncommon for projects that are withdrawn to re-enter the public financing competition in subsequent RFPs, as project designs and financing plans mature.

## The HPTF Year By Year — Funding and Expenditures (Methodology)

The remainder of this analysis presents snapshots of how the HPTF has used its funds on an annual basis. The DHCD compiles data for each project funded through the Housing Production Trust Fund. A few points are key to understanding the charts that follow.

1) This analysis tracks projects and units according to years in which they received expenditures. Unit counts correspond to those listed in each project's "covenant" — the contract agreement project owners sign with DHCD in which they delineate the number of units to be kept affordable, at what income level, and for how many years. Therefore, when this analysis refers to **"HPTF Funded Units,"** it refers to the units covered under a project's covenant.

Because most projects receive funding in more than one fiscal year, this analysis notes the portion of units that are new for that fiscal year.

Finally, all of the units on a particular development may not be covered under the project's covenant with DHCD. Still, this analysis recognizes that HPTF funding makes the entire project possible, and refers to "**Total Project Units**" — which includes all units that make up a project, both **HPTF Funded Units** and units covered by other types of financing. Those other units may or may not be affordable to households with income under 80 percent of AMI.

2) This analysis refers to area median income (AMI). The U.S Department of Housing and Urban Development annually defines the median income for the Washington, DC metropolitan area, which includes the surrounding Maryland and Virginia suburbs. Median indicates that half of the households in the area have incomes above the threshold and half have incomes below. Housing programs operated by the District, including the HPTF, typically set eligibility levels using the AMI. HUD defines households with income below 80 percent of AMI as "low-income;" households below 50 percent of AMI are defined as "very low-income;" and households below 30 percent of AMI are "extremely low-income."

As mentioned, the HPTF is required to utilize 40 percent of its expenditures on extremely low-income households, 40 percent on very low-income households, and 20 percent on low-income households. The following table tracks AMI thresholds since FY 2001 — the first year of activity for the HPTF. Although AMI changes according to household size, all thresholds reported are for four-person households. (See Table 2.)

TABLE 2

**Area Median Income (AMI) by Fiscal Year**

| | 30% of AMI | 50% of AMI | 80% of AMI |
|---|---|---|---|
| **FY 2001** | $25,680 | $42,800 | $68,480 |
| **FY 2002** | $27,450 | $45,750 | $73,200 |
| **FY 2003** | $25,440 | $42,400 | $67,840 |
| **FY 2004** | $25,620 | $42,700 | $68,320 |
| **FY 2005** | $26,790 | $44,650 | $71,440 |
| **FY 2006** | $27,090 | $45,150 | $72,240 |
| **FY 2007** | $28,350 | $47,250 | $75,600 |

| Housing Production Trust Fund | |
|---|---|
| FY 2001 | |
| **Beginning Fund Balance** | **25,000,000** |
| **Revenue** | |
| Recordation Taxes | 0 |
| Interest Earnings | 749,183 |
| Loan Repayments | 0 |
| Other Revenues | 0 |
| Total Revenues | 749,183 |
| **Expenditures** | |
| Program Expenditures | (3,200,000) |
| SAFI Expenditures | 0 |
| Total Expenditures | (3,200,000) |
| **Ending Fund Balance** | **22,549,183** |

**Expenditures:** $3,200,000

**Total Development Costs:** $21.7 million

**Number of Projects:** 1

**HPTF Funded Units:** 258
*All 258 are new units added to the HPTF portfolio in FY01.

**Total Project Units:** 258

**Type:** Rental — 258 units (100%)

**Affordable Mix:**
under 30% of AMI — 103 units (40%)
31 to 50% of AMI — 0 units (0%)
51 to 80% of AMI — 155 units (60%)

**Status:** Completed — 1 project/258 units

**Ward:** 5 — 258 units (100%)

- In FY 2001, the HPTF spent a total of $3.2 million on projects, which leveraged $18.5 million in other financing and represented almost 15 percent of total development costs.

- HPTF funds directly supported the acquisition of 258 rental units — all part of one completed project located in Ward 5.

- Of the 258 units acquired using the HPTF, 103 units (40 percent of the total) were affordable to households with income at or below 30 percent of AMI; some 155 units, or 60 percent of the total were affordable to households with income between 51 and 80 percent of AMI.[6]

[6] Some of the units reported for households with income between 51 and 80% of AMI may be rented to households with income between 31 and 50% of AMI. The project's covenant, however, agrees to keep 155 units affordable at 80% of AMI and below. Therefore, for the purposes of this analysis, those units are reported in the 51 to 80% of AMI category because the project is not legally bound to provide the units at any income levels below that. Other HPTF projects are similarly structured in their covenants; in each case this analysis has reported those units for the highest income category allowed under the covenant.

| Housing Production Trust Fund | |
|---|---|
| **FY 2002** | |
| **Beginning Fund Balance** | **22,549.183** |
| **Revenue** | |
| Recordation Taxes | 0 |
| Interest Earnings | 449,165 |
| Loan Repayments | 3,248,263 |
| Other Revenues | 0 |
| Total Revenues | 3,697,428 |
| **Expenditures** | |
| Program Expenditures | (1,750,000) |
| SAFI Expenditures | 0 |
| Total Expenditures | (1,750,000) |
| **Ending Fund Balance** | **24,496,611** |

**Expenditures:** $1,750,000

**Total Development Costs:** $11.9 million

**Number of Projects:** 1

**HPTF Funded Units:** 38
*All 38 are new units added to the HPTF portfolio in FY02.

**Total Project Units:** 259

**Type:** Rental — 38 units (100%)

**Affordable Mix:**
under 30% of AMI — 15 units (40%)
31 to 50% of AMI — 15 units (40%)
51 to 80% of AMI — 8 units (20%)

**Status:** Completed — 1 project/38 units

**Ward(s):** 8 — 38 units (100%)

- In FY 2002, the HPTF spent a total of $1.75 million, which leveraged $10.2 million in other financing and represented 14.8 percent of total development costs.
- HPTF funds directly supported the acquisition of 38 affordable rental units — all part of one completed project located in Ward 8 that included a total of 259 units.
- Of the 38 units acquired using the HPTF, 15 units (40 percent of the total) were affordable to households with income at or below 30 percent of AMI; another 15 units (also 40 percent of the total) were affordable to households with income between 31 and 50 percent of AMI; and eight units, or 20 percent, were affordable to households with income between 51 and 80 percent of AMI.

## Housing Production Trust Fund

| FY 2003 | |
|---|---|
| **Beginning Fund Balance** | **24,496,611** |
| **Revenue** | |
| Recordation Taxes | 5,000,000 |
| Interest Earnings | 258,536 |
| Loan Repayments | 1,935,000 |
| Other Revenues | 0 |
| Total Revenues | 7,193,536 |
| **Expenditures** | |
| Program Expenditures | (5,550,659) |
| SAFI Expenditures | 0 |
| Total Expenditures | (5,550,659) |
| **Ending Fund Balance** | **26,139,488** |

**Expenditures:** $5,550,659

**Total Development Costs:** $128.9 million

**Number of Projects:** 5

**HPTF Funded Units:** 183
*All 183 are new units added to the HPTF portfolio in FY03.

**Total Project Units:** 1,173

**Type:** Rental — 183 Units (100%)
*40% of the rental units are for elderly residents.

**Affordable Mix:**
under 30% of AMI — 51 units (27.9%)
31 to 50% of AMI — 107 units (58.5%)
51 to 80% of AMI — 25 units (13.7%)

**Status:** Completed — 3 projects/86 units
Obligated — 2 projects/97 units

**Ward(s):** 1 — 41 units (22%)
5 — 16 units (9%)
8 — 126 units (69%)

- In FY 2003, the HPPTF spent a total of $5.6 million on five projects, which leveraged more than $123 million in other financing and represented just over four percent of total development costs.
- HPTF funds directly supported the production and acquisition of 183 rental units — part of five projects spread out over three wards that included a total of 1,173 units.
- Of the 183 units produced using the HPTF, 41 units (some 22 percent of the total) were affordable to households with income at or below 30 percent of AMI; another 16 units (9 percent of the total) were affordable to households with income between 31 and 50 percent of AMI; and 126 units (69 percent of the total) were affordable to households with income between 51 and 80 percent of AMI.

## Housing Production Trust Fund

| FY 2004 | |
|---|---|
| **Beginning Fund Balance** | **26,139,488** |
| **Revenue** | |
| Recordation Taxes | 50,517,380 |
| Interest Earnings | 222,638 |
| Loan Repayments | 0 |
| Other Revenues | 150,000 |
| Total Revenues | 50,890,018 |
| **Expenditures** | |
| Program Expenditures | (9,894,801) |
| SAFI Expenditures | 0 |
| Administrative Expenditures | (510,000) |
| Total Expenditures | (10,404,801) |
| **Ending Fund Balance** | **66,624,705** |

**Expenditures:** $10,404,801

**Total Development Costs:** $146.7 million

**Number of Projects:** 13

**HPTF Funded Units:** 395
*271 of the total 395 are new units added to the HPTF portfolio in FY04

**Total Project Units:** 1,146

**Type:** Rental—382 units (97%);
Owner—13 units (3%)
*29% of the rental units are for elderly and special needs residents.

**Affordable Mix:**
under 30% of AMI — 167 units (42%)
31 to 50% of AMI — 192 units (49%)
51 to 80% of AMI — 36 units (9%)

**Status:**
Completed — 10 projects/180 units
Obligated — 3 projects/215 units

**Ward(s):** 1— 172 units (43.5%);
2 — 15 units (3.8%)
4 — 10 units (2.5%)
5 — 30 units (7.6%)
7 — 27 units (6.8%)
8 — 141 units (35.7%)

- In FY 2004, the Housing Production Trust Fund spent a total of $10.4 million on 13 projects, which leveraged over $136 million and represented seven percent of total development costs.

- HPTF funds directly supported the production and acquision of 395 units — almost all rental, spread out over every ward except wards 3 and 6, and part of 13 projects that included a total of 1,146 units.

- Of the 395 units supported by the HPTF in FY 2004, 167 units (42 percent) were affordable to households with income at or below 30 percent of AMI; another 192 units (49%) were affordable to households with income between 31 and 50 percent of AMI; and 36 units (or 9 percent) were affordable to households with income between 51 and 80 percent of AMI.

| Housing Production Trust Fund | |
|---|---|
| FY 2005 | |
| **Beginning Fund Balance** | **66,624,705** |
| **Revenue** | |
| Recordation Taxes | 50,546,395 |
| Interest Earnings | 1,877,058 |
| Loan Repayments | 0 |
| Other Revenues | 1,000,000 |
| Total Revenues | 3,697,428 |
| **Expenditures** | |
| Program Expenditures | (30,866,578) |
| SAFI Expenditures | 0 |
| Administrative Expenditures | (443,539) |
| Total Expenditures | (31,310,117) |
| **Ending Fund Balance** | **88,738,040** |

**Expenditures:** $31,310,117

**Total Development Costs:** $163.7 million

**Number of Projects:** 15

**HPTF Funded Units:** 1,040
*689 of the total 1,040 are new units added to the HPTF portfolio in FY05.

**Total Project Units:** 1,678

**Type:** Rental — 871 units (84%); Owner — 169 units (16%)
* 6% of the rental units are for elderly and special needs residents.

**Affordable Mix:**
under 30% of AMI— 275 units (26.4%)
31 to 50% of AMI—388 units (37.3%)
51 to 80% of AMI—377 units (36.3%)

**Status:**
Completed — 10 projects/775 units
Obligated — 5 projects/265 units

**Ward(s):** 1 — 165 units (15.9%)
5 — 58 units (5.6%)
7 — 123 units (11.8%)
8 — 694 units (66.7%)

- In FY 2005, the HPTF spent a total of $31.3 million on 15 projects, which leveraged over $132 million and represented 19 percent of total development costs.

- HPTF funds directly supported the production and acquisition of 1,040 units — some 86 percent of them rental, spread out over four wards with most (67 percent) in Ward 8, and part of 15 projects that included a total of 1,678 units.

- Of the 1,040 units supported by the HPTF in FY 2005, 275 units (26.4 percent) were affordable to households with income at or below 30 percent of AMI; another 388 units (37.3%) were affordable to households with income between 31 and 50 percent of AMI; and 377 units (or 36.3 percent) were affordable to households with income between 51 and 80 percent of AMI.

## Housing Production Trust Fund

| FY 2006 | |
|---|---|
| **Beginning Fund Balance** | **88,738,040** |
| **Revenue** | |
| Recordation Taxes | 47,609,793 |
| Interest Earnings | 5,186,931 |
| Loan Repayments | 1,519,979 |
| Total Revenues | 54,316,703 |
| **Expenditures** | |
| Program Expenditures | (31,868,942) |
| SAFI Expenditures | (5,000,000) |
| Administrative Expenditure | (1,882,837) |
| Total Expenditures | (38,751,779) |
| **Ending Fund Balance** | **104,302,964** |

**Expenditures:** $38,751,779

**Total Development Costs:** $230 million

**Number of Projects:** 30

**HPTF Funded Units:** 1,813
*1,454 of the total 1,813 are new units added to the HPTF portfolio in FY06.

**Total Project Units:** 1,992

**Type:** Rental — 1,436 units (79%); Owner — 377 units (21%)
*34% of the rental units are for special needs and elderly residents.

**Affordable Mix:**
under 30% of AMI — 886 units (49%)
31 to 50% of AMI — 712 units (39%)
51 to 80% of AMI — 215 units (12%)

**Status:**
Completed — 16 projects/647 units
Obligated — 14 projects/1,166

**Ward(s):** 1 — 338 units (18.6%)
2 — 191 units (10.5%)
4 — 6 units (0.3%)
5 — 175 units (9.7%)
6 — 138 units (7.6%)
7 — 328 units (18.1%)
8 — 637 units (35.1%)

- In FY 2006, the HPTF spent a total of $38.8 million on 30 projects, which leveraged over $191 million and represented almost 17 percent of total development costs.

- HPTF funds directly supported the production and acquisition of 1,813 units — some 79 percent of them rental, spread out over every ward except Ward 3, and part of 30 projects that included a total of 1,992 units.

- Of the 1,813 units supported by the HPTF in FY 2006, 886 units (49 percent) were affordable to households with income at or below 30 percent of AMI; another 712 units (39%) were affordable to households with income between 31 and 50 percent of AMI; and 215 units (or 12 percent) were affordable to households with income between 51 and 80 percent of AMI.

## Housing Production Trust Fund

| FY 2007 (1st Quarter) | |
|---|---|
| **Beginning Fund Balance** | **104,302,964** |
| **Revenue** | |
| Recordation Taxes | 12,319,997 |
| Interest Earnings | 0 |
| Loan Repayments | 1,551,562 |
| Total Revenues | 13,871,559 |
| **Expenditures** | |
| Program Expenditures | 29,877,168 |
| SAFI Expenditures | 0 |
| Administrative Expenditures | 87,737 |
| **Ending Fund Balance** | **88,209,618** |

**Expenditures:** $29,964,907

**Total Development Costs:** $66 million

**Number of Projects:** 12

**HPTF Funded Units**: 657
*395 of the total 657 are new units added to the HPTF portfolio in FY07 1st Qtr.

**Total Project Units:** 794

**Type:** Rental —544 units (83%); Owner — 113 units (17%)
*32% of the rental units are for special needs and elderly residents.

**Affordable Mix:**
under 30% of AMI – 170 units (26%)
31 to 50% of AMI — 379 units (58%)
51 to 80% of AMI — 108 units (16%)

**Status:**
Completed — 1 project/24 units
Obligated — 11 projects/633 units

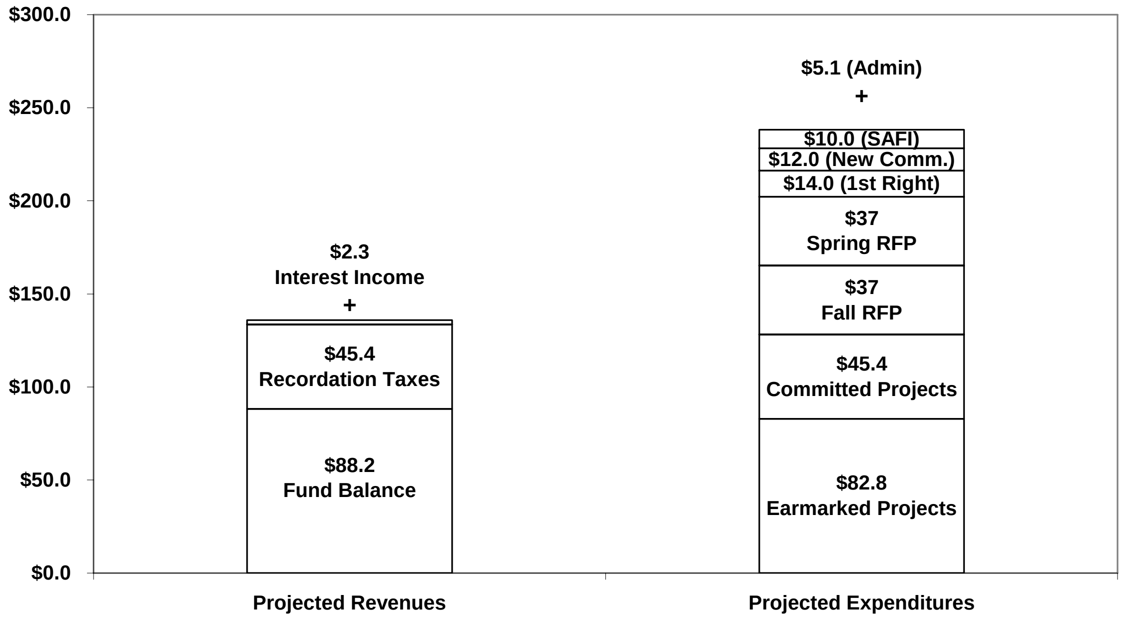
**Ward(s):** 1 — 14 units (2%)
4 — 24 units (3.7%)
5 — 120 units (18.3%)
7 — 443 units (67.4%)
8 — 56 units (8.5%)

- In the first quarter of FY 2007, the HPTF spent a total of $30 million on 12 projects, which leveraged $36 million in other financing and represented over 45 percent of total development costs.

- HPTF funds directly supported the production and acquisition of 657 units — some 83 percent of them rental, spread out over five wards with the majority (67 percent) in Ward 7, and part of 12 projects that included a total of 794 units.

- Of the 657 units supported by the HPTF in FY 2007 1st Quarter, 170 units (26 percent) were affordable to households with income at or below 30 percent of AMI; another 379 units (58 percent) were affordable to households with income between 31 and 50 percent of AMI; and 108 units (or 16 percent) were affordable to households with income between 51 and 80 percent of AMI.

FY 2007 (2nd - 4th Qtr)
Projected Revenues vs. Expenditures
*in millions



## FY 2007 (2nd through 4th Quarter) Projected Revenues and Expenditures

| Projected Revenue | Projected Expenditures | Notes: |
|---|---|---|
| **Fund Balance** | **Administrative** | |
| $88,209,618 | $5,127,411 | |
| **Recordation Taxes** | **Projects** | |
| $45,430,003 | $142,140,125 | Earmarked - $82,750,048 — Although DHCD has no legal obligation to disburse these funds and a few will likely withdraw from the process, all projects at this level have been competitively selected and most are likely to proceed to the next round.<br><br>Committed - $45,390,077 — Although funds have not been set aside, or "obligated," for these projects, the project owners do have a signed agreement with the District.<br><br>Tenant 1st Right to Purchase - $14,000,000 — It is difficult for DHCD to predict when they will need to support this activity, but they base the projection on the previous year's activity. |
| **Interest Income** | **SAFI** | |
| $2,300,000 | $10,000,000 | DHCD can set the amount of SAFI loans they will do. Of the $10 million projected for FY 2007, however, half has already been committed. |
| | **New Communities** | |
| | $12,000,000 | $6 million of the HPTF has already been securitized, but the city has yet to submit a plan to the Council to securitize the next $6 million. |
| | **Fall RFP** | |
| | $37,000,000 | The Fall RFP process has been completed and 23 projects were selected to move on to underwriting. |
| | **Spring RFP** | |
| | $37,000,000 | The spring RFP process has not begun. |
| **Total Projected Revenue** | **Total Projected Expenditures** | |
| **$135,939,621** | **$243,267,536** | **Projected expenditures exceed projected revenues by $107 million.** |