



**Ward 8 Comprehensive
Housing Analysis
Washington, D.C.**

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District of Columbia Office of Planning**

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Executive Summary

This analysis reviews past and present housing trends in Ward 8. It was funded by a grant from the Fannie Mae Community Foundation to the Coalition for Non Profit Housing and Economic Development, who served as the fiduciary agent and project advisor. The DC Office of Planning took the lead in directing the analysis and in coordinating an interagency working group composed of representatives from key DC housing and implementation agencies: Office of the Deputy Mayor for Planning and Economic Development, the Department of Housing and Community Development, the DC Housing Authority and the DC Housing Finance Agency. Additional inputs were provided by a number of housing providers, developers, realtors, leasing agents, lenders and other stakeholders in the local housing market.

Current Conditions

Ward 8 benefits from a number of area strengths, including good transportation access, community amenities such as THE ARC, good views, a diverse housing mix, an engaged and spirited community, and a number of new development opportunities at Poplar Point, Barry Farm/Parkchester/Wade Road, St. Elizabeth's East Campus, the Congress Heights Metro station and the historic Anacostia business district along Martin Luther King, Jr. Avenue.

However, the area also faces a number of significant housing issues and barriers:

- With 9,000 affordable and special needs housing units, Ward 8 has the highest concentration of affordable housing in the District. Another 4,100 affordable units are in the current development pipeline. One out of three housing choice voucher holders lives in Ward 8.
- Yet, approximately one-quarter of the 26,000 eligible households on the District of Columbia Housing Authority (DCHA) waiting list for affordable housing live in Ward 8.
- More than half of the existing assisted affordable units have subsidies that expire in the next 10 years.
- Of the 19,068 renter households in 2007, 6,020 or 31.6 percent are spending more than 30 percent of their income for housing – exceeding HUD's standard for affordability – and 2,960 renter households (15.5 percent) are spending more than half of their income.
- Among the 5,690 owner households, one-quarter (1,410 households) are cost-burdened and 9.1 percent (520 households) are severely cost-burdened, spending more than half of the income for housing.

- Only 23 percent of Ward 8 households own their own homes as compared with 40 percent of households city-wide, undermining stability and investment in some neighborhoods.
- The national economic slowdown and the strained financial markets are affecting homebuyers' confidence and willingness to invest.
- Since mid-year 2007, the foreclosure rate in the District of Columbia has increased significantly. If these trends continue, Ward 8 could be susceptible to rising vacancies and neighborhood decline.
- The area's image as a high-crime area with troubled public schools inhibits its ability to attract new residents.

Housing Needs by Neighborhood Investment Fund (NIF) Area

Anacostia

Anchored by the Anacostia historic district, the Anacostia NIF area has a concentration of roughly 1,500 subsidized units. It also has a high incidence of individual owners renting out single-family houses and units in small apartment buildings, which can be problematic if the owners don't properly screen their tenants and maintain their units. A cluster of the older multifamily complexes along Maple View Place, High Street and 14th Street, SE are in deteriorating or substandard condition.

Considering that Anacostia's profile consists predominantly of family households with renters far outnumbering owners and multifamily structures (10 units or more) exceeding all other housing types, strategies for this NIF area in the short- and long-term should emphasize:

- preserving the subsidies for existing assisted housing;
- helping tenants to purchase their rental developments;
- upgrading existing affordable and market-rate multifamily housing; and
- increasing affordable and market-rate homeownership opportunities, particularly single-family townhouses and detached units.

Bellevue

Of the four NIF areas in Ward 8, Bellevue has the highest ownership rate (32.6 percent), the highest percentage of single-person households (41.3 percent) and the highest percentage of householders aged 55 and over (32.1 percent). This demographic profile suggests an opportunity for development of affordable and market-rate senior housing to help older homeowners move into lower-maintenance living quarters while making their houses available for purchase by young families. Given that the NIF area has only two affordable housing properties with 186 units and the lack of available land to adequately build new products, preservation of these units is strongly encouraged. Rehab efforts should focus on smaller developments of two to six units.

Congress Heights

Much of the housing in Congress Heights is in good condition. Land around the Congress Heights Metro station as well as sites on St. Elizabeth's East Campus offer opportunities for mixed-income and mixed-use development to take advantage of the superior transit access to the rest of the region. Affordable and workforce units should be included in all new development on District- and WMATA-owned sites. As with Bellevue, this NIF area should work to maintain, or improve, its current homeownership rate, while still offering opportunities for new rental products.

Washington Highlands

With 1,600 subsidized units, including Highland Dwellings and Highland Addition public housing, Washington Highlands has the highest concentration of affordable housing of the four NIF areas. The area's current crime rate and image problems inhibit some investment, but several multifamily buildings are being renovated or are scheduled for renovation, including several occupied buildings. Pipeline affordable developments total nearly 1,000 units, most of which are rehabbed multifamily rental units.

Approximately 711 existing affordable housing units are set to expire within the next 10 years in this NIF area, including 181 units by 2009. An additional 304 units are set to expire by 2024. Preserving this assisted housing stock should be the first priority.

Given the large existing multifamily supply, this NIF area would benefit from potential tenant purchase opportunities and/or the conversion of rental units into limited equity cooperatives (as they become available) to achieve a higher rate of homeownership among existing residents.

I. Introduction

The recent boom in the District's housing market led to unprecedented levels of citywide residential construction since 2000. For Ward 8, this momentous residential development included extensive rehabilitation of multifamily structures, transformation of former public housing sites into new mixed-income communities, and single-family redevelopment of small, scattered sites. Significant, targeted investment by the District Government and its partners spearheaded much of this activity with the commitment to preserve affordable housing and provide additional housing for a mix of incomes.

The District's 2006 Comprehensive Plan established distinct housing priorities for Ward 8. These include affordable housing preservation (especially for the ward's lowest income earners), the creation of diverse housing types at varying levels of affordability, the protection of viable, quality housing, and the replacement of substandard residential stock with new, habitable housing. Targeting infill sites, increasing home ownership, and adding density to key areas are additional strategies stated in the plan.

This analysis reviews past and present housing trends in Ward 8. It was funded by a grant from the Fannie Mae Community Foundation. The DC Office of Planning and the Coalition for Nonprofit Housing and Economic Development took the lead in directing the analysis. Also contributing were the Office of the Deputy Mayor for Planning and Economic Development, the Department of Housing and Community Development, the DC Housing Authority and the DC Housing Finance Agency. Additional inputs were provided by a number of housing providers, developers, realtors, leasing agents, lenders and other stakeholders in the local housing market.

Report Organization

Section II summarizes earlier tasks completed for this housing analysis, highlighting key findings from the affordable housing inventory, the market-rate residential environment profile and an assessment of housing demand. Section III uses these key quantitative and qualitative findings to recommend housing production targets for Ward 8 and its Neighborhood Investment Fund (NIF) areas. It also explores Ward 8's strengths to attract a target market (defined herein) and barriers to achieving that residential potential.

II. Housing Conditions

The earlier tasks of this comprehensive housing analysis provided an in-depth look at Ward 8's demographics, its existing affordable housing inventory, past trends in mortgage lending and foreclosures, and its market-rate housing dynamics. These assignments examined Ward 8 as a whole and highlighted activity in four Neighborhood Investment Fund (NIF) areas created to help finance economic development and neighborhood revitalization: Anacostia, Bellevue, Congress Heights, and Washington Highlands (see map on the following page). Collectively, these findings identified potential future housing demand for Ward 8 along with a target customer market to help diversify the area's current household composition.

Demographics

Ward 8's 2007 demographic profile (see Table 1) showed primarily young working-age families with children less than 18 years of age. As is the District, the ward is beginning to regain population and households lost in recent decades. Those moving into Ward 8 since 2000 were small households coming primarily from elsewhere in the District rather than from neighboring jurisdictions. Annual incomes remained modest from 2000 to 2007, with the ward's median income (\$23,644 in 2000; \$28,120 in 2007) at just slightly more than half that of the District (\$40,127 in 2000; \$49,508 in 2007) for both years. At 77.0 percent in 2007, the concentration of renter households in Ward 8 was significantly higher than the District's 59.7-percent rate. At 60.7 percent, incomes of renter-occupied households in Ward 8 concentrate below \$25,000 annually compared to 44.0 percent for the District. Ward 8 homeowners also tended to be of lower income than District homeowners, with Ward 8's median owner income at \$40,200 and the District's at \$66,200 in 2000.

The four NIF areas vary in character (see Table 1). Bellevue and Congress Heights revealed the healthiest population and household trends with both experiencing steady growth from 2000 to 2007, a higher rate of homeownership than the other NIF Areas and Ward 8 as a whole as well as the highest median household incomes. Bellevue, in particular, had the largest percentage of single persons (41.3 percent) and older householders. Anacostia's profile most closely resembled that of Ward 8 in regards to its percentage of family and renter households and its modest median income in 2000 and 2007. Washington Highlands is the most distressed of the four NIF areas, experiencing a decrease in population and households, the highest percentage of renter households (81.3 percent) of all target areas, and a lower 2007 median household income (\$23,885) than Ward 8. The existence of a large public housing community in this NIF area is likely the reason for such a disparity in demographic characteristics.

Designated Neighborhood Investment Fund (NIF) Areas in Ward 8

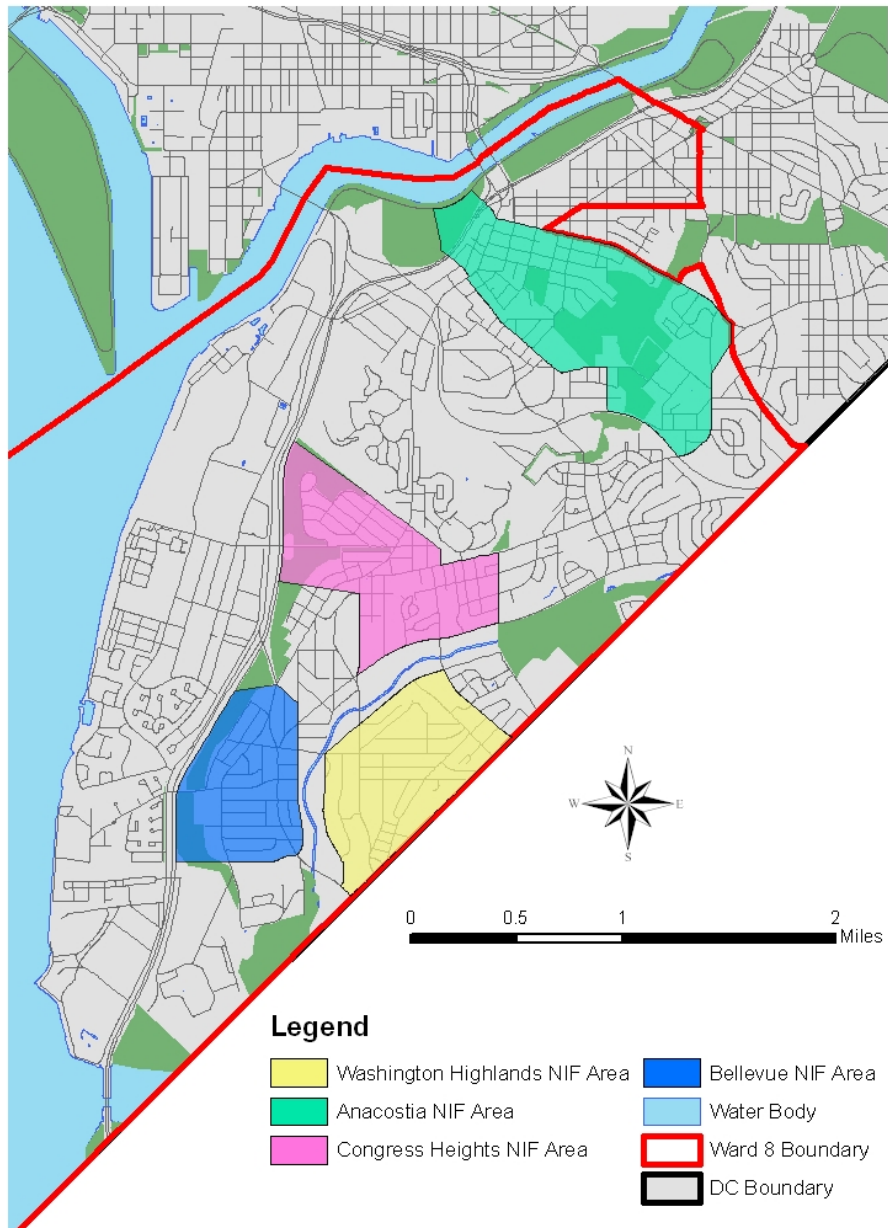


Table 1: Population and Household Trends

	Anacostia NIF Area			Bellevue NIF Area		
	2000	2007	Annual Growth '00-'07	2000	2007	Annual Growth '00-'07
Population	9,984	10,327	0.5%	4,969	5,106	0.4%
Households	3,507	3,740	0.9%	2,147	2,268	0.8%
Avg. Household Size	2.77	2.69	-0.4%	2.25	2.19	-0.4%
HH Median Income ²	\$22,216	\$26,305	2.4%	\$27,615	\$32,603	2.4%
Household Type						
Families	65.5%	65.6%		53.2%	54.5%	
Non-Families	34.5%	34.4%		46.8%	45.5%	
Household Tenure						
Renter	77.2%	78.2%		69.8%	67.4%	
Owner	22.8%	21.8%		30.2%	32.6%	
	Congress Heights NIF Area			Washington Highlands NIF Area		
	2000	2007	Annual Growth '00-'07	2000	2007	Annual Growth '00-'07
Population	7,713	8,349	1.1%	9,661	8,829	-1.3%
Households	2,873	3,203	1.6%	3,451	3,242	-0.9%
Avg. Household Size	2.66	2.59	-0.4%	2.79	2.71	-0.4%
HH Median Income ²	\$27,797	\$32,511	2.3%	\$20,913	\$23,885	1.9%
Household Type						
Families	64.6%	64.4%		71.2%	71.6%	
Non-Families	35.4%	35.6%		28.8%	28.4%	
Household Tenure						
Renter	66.9%	65.5%		81.2%	81.3%	
Owner	33.1%	34.5%		18.8%	18.7%	
	Ward 8			Washington, DC		
	2000	2007	Annual Growth '00-'07	2000	2007	Annual Growth '00-'07
Population	65,182	66,613	0.3%	572,059	580,271	0.2%
Households	23,448	24,756	0.8%	248,338	261,792	0.8%
Avg. Household Size	2.70	2.61	-0.4%	2.16	2.08	-0.5%
HH Median Income ²	\$23,644	\$28,120	2.5%	\$40,127	\$49,508	3.0%
Household Type						
Families	66.2%	66.4%		46.0%	46.0%	
Non-Families	33.8%	33.6%		54.0%	54.0%	
Household Tenure						
Renter	77.4%	77.0%		59.2%	59.7%	
Owner	22.6%	23.0%		40.8%	40.3%	

For specific boundaries of NIF areas or Ward 8 for this data collection, see Appendix B.
Source: U.S. Census, 2000; Claritas, Inc., 2008; Bay Area Economics, 2008.

Housing Stock and Affordability Concentration

Ward 8's housing stock offers a variety of options for households of all income levels, particularly for those earning 80 percent of AMI or less. Since 2000, the District experienced relatively high levels of residential construction due to record low-interest rates on home mortgages, creative financing mechanisms for traditionally out-of-reach households, high investor activity and a resurgence of interest in urban living. Ward 8's share of new construction remained steady during this period and represented 23 percent (466 units) of the District's permitted residential activity in 2007.

Ward 8 exceeds all other wards in terms of the number of affordable housing units, the number of housing choice voucher holders, and those on the District Housing Authority's (DCHA) waiting list for housing. More than 9,000 affordable and special needs housing units¹ exist in the ward, with approximately 4,100 units in the development pipeline (see Table 2). Anacostia and Washington Highlands exhibited the largest totals of existing affordable and special needs housing units among the NIF areas, with Washington Highlands having the largest share of such housing units in the development pipeline.

Nearly 3,600 housing choice voucher holders live in Ward 8 compared to 10,800 voucher holders citywide. The District of Columbia Housing Authority (DCHA) also carries a waiting list of households in need of public housing or housing choice vouchers. Because the Housing Choice Voucher Program is a federal program, DCHA cannot limit its waiting list based on geography. Therefore, the number of households on the waiting list tends to be quite large. Currently, there are 26,000 households on DCHA's waiting list for public housing or housing choice vouchers. Approximately one-quarter reside in Ward 8. Lastly, DCHA also administers a Local Rent Supplement Program—a local housing subsidy program that operates very similarly to the federal Housing Choice Voucher Program. This program is limited to District residents only, and currently 650 households use rent supplements for housing.

Regarding expiring subsidized units (see Table A-4), 16 percent of subsidized units (1,104 units) with *recorded or confirmed subsidy expiration dates* are listed as expired with the status of subsidy extensions unknown. An additional 55 percent (3,725 units) will expire within the next 10 years (2018). About 40 percent of units in these categories are deeply subsidized (or federally assisted through HUD's Section 8 program) and provide housing choices for families of the lowest incomes. Preserving these deeply subsidized units remains a top concern among the District's housing agencies.

¹ Affordable refers to rental units currently using some form of subsidy or homeownership units having used subsidy at one point in time. Special needs housing includes units for veterans, chronic homeless individuals, homeless families, elderly, disabled, and re-entry individuals.

Table 2: Affordable Housing Inventory Summary

Location	Total Affordable Units		Total Special Needs Units ¹		Total Affordable & Special Needs	
	Existing	Proposed/Pipeline ²	Existing	Proposed/Pipeline	Existing	Proposed/Pipeline
<u>Total</u>						
Ward 8	9182	4017	250	76	9432	4093
NIF Areas						
Bellevue	210	42	0	0	210	42
Congress Heights	375	334	0	0	375	334
Washington Highlands	1626	993	100	22	1726	1015
Anacostia	1492	158	92	54	1584	212
<u>Rental</u>						
Ward 8	9083	2289	250	76	9333	2365
NIF Areas						
Bellevue	186	0	0	0	186	0
Congress Heights	375	240	0	0	375	240
Washington Highlands	1626	987	100	22	1726	1009
Anacostia	1479	118	92	54	1571	172
<u>Homeownership</u>						
Ward 8	99	343	0	0	99	343
NIF Areas						
Bellevue	24	42	0	0	24	42
Congress Heights	0	94	0	0	0	94
Washington Highlands	0	6	0	0	0	6
Anacostia	13	40	0	0	13	40

¹Special Needs housing includes housing for veterans, chronic homeless individuals, homeless families, elderly, disabled, and re-entry individuals.

²Pipeline/proposed units by tenure does not match total units due to the unknown tenure status of some projects at this time. Specific projects are shown in the comprehensive affordable housing workbook for further clarification.

Source: Bay Area Economics, 2008

Mortgage Lending and Foreclosures

Mortgage lending trends in Ward 8 from 1997 to 2005 revealed substantial growth in loan originations that outpaced the District (see Appendix Tables A-1 to A-3). Loan values and borrower incomes rose 70 percent over the same time period likely due to considerable residential development activity, which attracted households of higher income levels. However, Ward 8 still exhibits higher rates of conventional mortgages with high-interest rates (sub-prime) and mortgage application denials than experienced citywide.

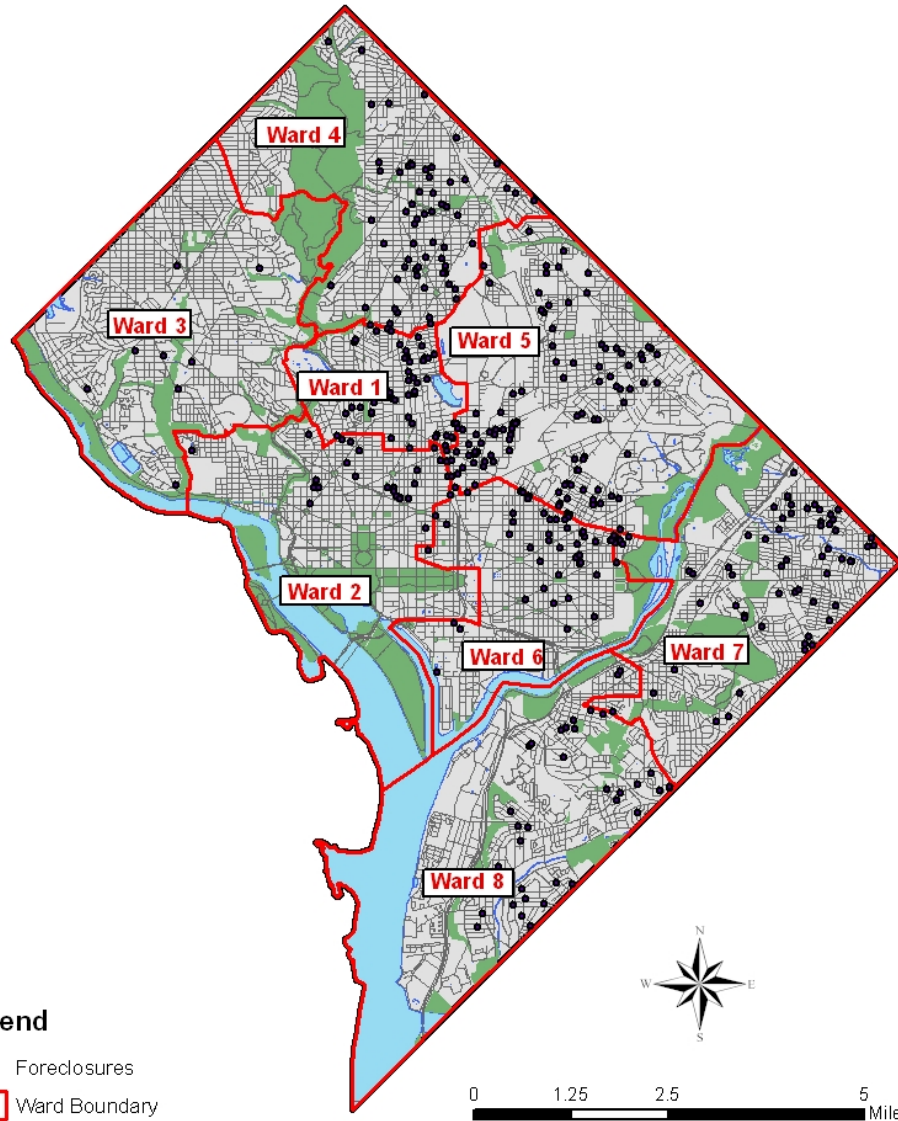
Compared to other parts of the nation, the Greater Washington DC Region—defined in this context as an area synonymous with the Metropolitan Washington Council of Governments (COG) Member Jurisdictions²—has been slow to realize a wave of foreclosure activity until recently. With both the inner and outer suburbs (i.e., Prince William County [VA] and Prince George's and Montgomery Counties [MD]) exhibiting a significant rise in foreclosure over late 2006 and 2007, the momentum is now moving inward to inner beltway jurisdictions in Virginia and the District of Columbia proper. Risky (and in many cases irresponsible) lending practices coupled with falling home prices as the market normalizes itself have directly contributed to the rise in foreclosures in the District and nationwide.

Both property records from the District's Office of Tax and Revenue (OTR) (which documents full and verified foreclosure sales) and RealtyTrac (which documents recorded notices of a foreclosure sale) reveal that Ward 8 ranks among the lowest of District wards in terms of foreclosures notices and actual foreclosure sales. Wards 5, 7, and 4 led in full and verified foreclosure sales with 102, 62, and 60 properties, respectively, of 384 total foreclosures recorded by OTR between April 2006 and March 2008. The large majority of all transactions was single-family homes (attached or detached). Foreclosures were scattered across Ward 8 with none of the NIF areas seeing a concentration of activity. The map on the following page provides a geographical representation of foreclosure activity across the District during this time frame.

Foreclosures and other financial problems are affecting condominium communities as investors who bought in anticipation of a short-term gain through a quick resale and others unable to cover their monthly costs fail to pay the monthly condo fees. Those fees fund the common area maintenance, building and grounds upkeep, other operations and insurance. Without payment by all unit owners, some associations are finding it increasingly difficult to meet their financial obligations as well. While this is more of a problem among high-priced condominium developments in other parts of the District, Ward 8 is not exempt from such activity occurring in the future, particularly as the volume of foreclosures District-wide will likely increase before the end of 2008.

² Member jurisdictions include: District of Columbia; Maryland: Frederick County, Montgomery County, Prince George's County, Cities of Rockville, Takoma Park, Bowie, College Park, Greenbelt, Gaithersburg; Virginia: Fairfax County, Loudoun County, Prince William County, Arlington County, Cities of Alexandria, Fairfax, Falls Church, Manassas

Foreclosure Totals by Ward: April 2006 to March 2008



Source: DC Office of Tax and Revenue, 2008

Market-Rate Residential Environment

The market-rate rental environment in Ward 8 consists of a predominantly older housing stock with limited amenities. Rental rates are typically lower than what could be achieved in rental communities of comparable age in other wards. Households earning at least 50 percent of AMI are able to afford a market-rate rental unit. Consequently, Section 8 voucher holders have a reasonably good chance of finding appropriate housing in Ward 8, given that rents fall below the present HUD fair market rents. Rental communities in Ward 8 are well-occupied, indicating high demand (and need) for rental housing at these price points. Rentals owned and managed by individuals instead of formal companies and large property management firms offer alternatives to prospective tenants looking for larger, family size rental units or preferring a more private environment, especially in the face of the softening for-sale housing market. Table 3 shows rent ranges for the Ward 8 market-rate rental market.

Table 3: Ward 8 Market-Rate Rental Rates and Square Footages

Bedroom Type	Rental Rates		Square Feet	
	Low	High	Low	High
Studio	\$650	\$770	400	550
1 Bedroom	\$665	\$975	450	750
2 Bedroom	\$765	\$1,170	700	1,000
3 Bedroom	\$865	\$1,495	950	1,150

Source: Bay Area Economics, 2008

The softening of the housing market in recent months has increased options for buyers of all types, though purchasing activity has also curbed due to stricter mortgage underwriting. The volume of home sales city-wide is lower than levels experienced just a year prior. New residential products compete with a growing supply of existing homes on the market and many new developments have generous incentives for prospective buyers. Households need to earn at least 70 or 80 percent of AMI (\$62,300 or \$71,300 for a three-person household) to potentially afford existing market-rate condominiums or single-family units in Ward 8 (based on a 2008 median price of \$181,000 for condominiums and \$280,000 for single-family housing). Newly constructed, single-family market-rate housing in Ward 8 requires a household to earn at least 120 percent of AMI (\$106,900 for a three-person household), unless they have significant equity from the sale of a previous home.

Table 4: 2008 Median Sales Prices for For-sale Housing

Bedroom Type¹	Ward 8	District
2 or Fewer Bedrooms	\$230,000	\$360,000
3 Bedrooms	\$280,000	\$430,000
4 or More Bedrooms	\$300,000	\$780,000
Condominiums	\$180,000	\$360,000

¹ Data includes sales of townhomes and single-family residences from 12/1/07 thru 2/29/08; Exact prices are rounded for ease of comparison.

Source: Bay Area Economics, 2008

Target Market Potential

Considering these findings, Ward 8's target niche for market-rate housing demand should be households earning between 70 and 150 percent of AMI (\$62,400 to \$133,700 annually for a three-person household³). Households earning in excess of 100 percent of AMI have a variety of rental options citywide. However, for-sale housing choices for households in the target niche wanting to own in the District are limited. In 2007, the District's median sale prices for condos, townhouses and single-family detached homes were \$358,000, \$478,000 and \$758,000, respectively. If these figures remained flat for 2008, households would need to earn approximately 120 percent of AMI or more (\$106,900 or more annually based on a three-person household) to afford a condo or townhouse in the District and at least 180 percent of AMI (\$160,800 annually based on a three-person household) to afford an existing median-priced detached, single-family home unless they had significant equity from the sale of another house. By targeting households between 70 to 150 percent of AMI for new housing, Ward 8 can begin to transform its competitive position within the District by offering housing alternatives to those with limited housing choices, while at the same time diversifying its income mix by attracting households with higher incomes than many current residents.

³ Though incomes for qualified households are most often expressed in terms of income for a family of four, the household size distribution in Ward 8 and the District suggests that a household of three is more common.

III. Housing Needs and Production Targets

The section reviews the housing needs and recommends production targets for Ward 8 as a whole and by NIF area. It takes into consideration earlier findings and goals of the 2006 District Comprehensive Plan and suggests production thresholds to better position Ward 8 to meet those short- and long-term objectives. It also identifies key strengths to leverage in pursuit of these targets as well as current obstacles that threaten Ward 8's ability to achieve suggested targets.

Ward 8

With more than 9,000 units of affordable housing units and over 4,000 such units in the development pipeline (see Table 1 in previous section), Ward 8 contains the largest concentration of subsidized housing units in the District. Nearly 40 percent of both existing and pipeline Ward 8 affordable units are in the four NIF areas with the remaining properties evenly dispersed throughout the ward. Not surprisingly, the large majority of existing affordable developments are rentals. In recent years, many of these existing properties have been rehabilitated. In the affordable development pipeline, nearly 40 percent, or 1,538 units, are to be rehabilitated (including some occupied units) and approximately 8.5 percent, or 343 units, are slated for homeownership. However, the number of homeownership units will likely change as large-scale pipeline projects advance their conceptual plans to a more defined, planned development program.

Ward 8 differs from the District in that most of its existing affordable housing units are subsidized through Low-Income Housing Tax Credits (alone or layered with tax-exempt bonds) or Section 8 monies (alone or layered with other subsidies). In contrast, much of the District's subsidized units are Section 8 (solely or layered with other subsidies) or public housing units.⁴ In other words, Ward 8's inventory of affordable housing is a fairly even combination of deeply subsidized units and units priced for the workforce (50 to 60 percent of AMI), while the District's collective supply tends to focus more on those with the lowest incomes. Table 5 on the following page features the D.C. Housing Monitor's assessment of affordable housing units by ward per project-based subsidies for 2007. Note that this estimate of total affordable housing units in Ward 8 is somewhat higher than the number that could be verified for this report.

⁴ District of Columbia Housing Monitor Winter 2008. <http://www.neighborhoodinfodc.org>

Table 5: Affordable Housing Units by Ward, Washington DC

	Affordable Housing Units				
	D.C. Total	Ward 1	Ward 2	Ward 3	Ward 4
Project-based Subsidies, 2007	34,981	4,130	2,550	377	531
Public Housing only	7,384	966	589	160	20
Section 8 only	4,527	559	315	18	-
Section 8 and other subsidies	7,504	1,254	843	199	-
LIHTC only	3,367	192	261	-	137
LIHTC and tax exempt bonds only	3,672	250	-	-	177
HOME only	376	163	-	-	9
CDBG only	632	71	-	-	109
Housing Production Trust Fund only	326	85	74	-	11
All other combinations	7,194	591	468	-	68

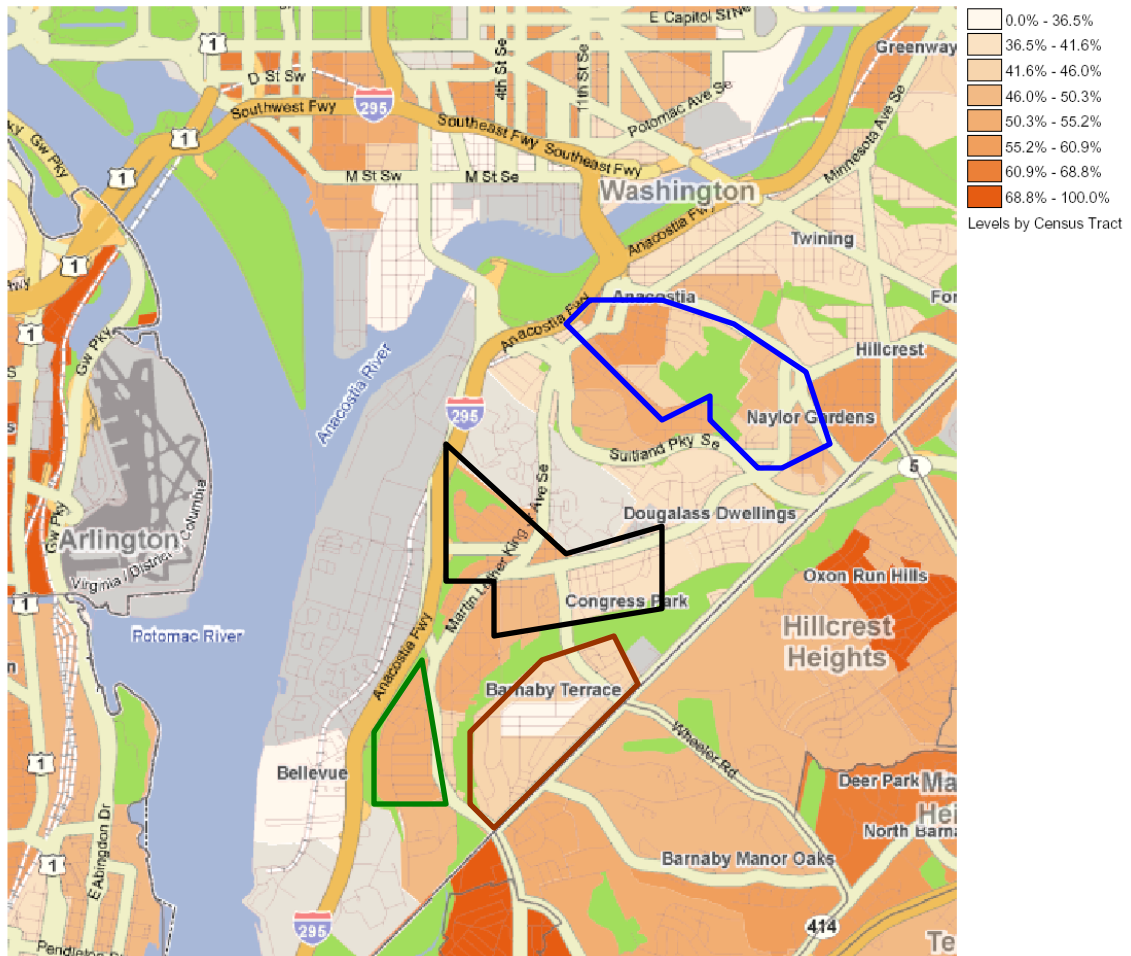
	Affordable Housing Units			
	Ward 5	Ward 6	Ward 7	Ward 8
Project-based Subsidies, 2007	4,060	5,382	6,689	11,263
Public Housing only	513	2,498	1,472	1,166
Section 8 only	827	1,060	387	1,361
Section 8 and other subsidies	1,156	726	1,664	1,664
LIHTC only	206	-	884	1,687
LIHTC and tax exempt bonds only	267	535	701	1,742
HOME only	-	26	10	168
CDBG only	17	-	375	60
Housing Production Trust Fund only	69	-	21	66
All other combinations	1,006	537	1,175	3,349

Note: These are estimates of unit totals by subsidies and contain some margin of error.
Source: COG Assisted Survey (2004) and National Low Income Housing Coalition Affordable Housing Preservation Catalog (2007) tabulated by Neighborhood Info DC; Urban Institute, 2007; BAE 2008.

Using Dataplace / KnowledgePlex, Inc. software, the following maps illustrate the prevalence of cost burdens among low-income households District-wide and in Ward 8 (blue polygon) for the year 2000. Compared to other parts of the District and Northern Virginia, the percentage of cost burdens among Ward 8's low-income households is relatively moderate. This is likely a direct result of real estate and land values being significantly less in Wards 7 and 8 relative to other parts of the District and the region.

A closer look at cost burdens by NIF Area is also given. It appears the most cost-burdened households in Ward 8 clustered north of Suitland Parkway in the Anacostia NIF Area (blue polygon) and along Martin Luther King, Jr. Avenue, which bisects the Congress Heights NIF Area (black polygon) and borders portions of the Bellevue NIF Area (green polygon). The brown polygon depicts the Washington Highlands NIF Area.

Pct of Low-Income Households with Cost Burdens by Census Tract (NIF Areas)



(c) 2008 KnowledgePlex, Inc. Printed from DataPlace -- www.dataplace.org

Table 6 provides a breakdown of affordability by household size for Ward 8. Note that percentages derived from the 2000 Public Use Microdata Sample were used to estimate the cost-burden spread of households in Ward 8 for 2007. It also details the percent of households with housing cost burdens (spent 30 percent or more of their income on housing) or severe cost burdens (spent 50 percent or more of their income on housing) by income level. In total, an estimated 30.0 percent of households (7,430 households) were cost-burdened in Ward 8 for 2007, including 14.1 percent (3,500 households) being severely cost burdened. Households with the lowest incomes had the highest percentage of cost burdens, particularly among those that owned their homes.

Table 6: Estimated Ward 8 Households by AMI Category, 2007

AMI Income Level	Renter						Total
	Elderly	1	2	3	4	5+	
Extremely Low-Income (0-30%)	1,401	2,044	1,869	1,392	1,092	1,448	9,246
Percent Cost Burdened ¹	49.5%	61.5%	62.3%	1.2%	66.0%	64.9%	51.7%
Percent Severely Cost Burdened ²	29.3%	35.4%	37.4%	0.8%	38.7%	42.3%	31.0%
Very Low-Income (31-50%)	427	1,229	1,079	812	508	569	4,624
Percent Cost Burdened ¹	34.1%	37.7%	21.6%	16.8%	9.2%	17.7%	24.3%
Percent Severely Cost Burdened ²	5.3%	4.1%	0.0%	1.2%	0.0%	0.0%	1.8%
Low-Income (51-80%)	313	972	766	577	342	258	3,229
Percent Cost Burdened ¹	7.8%	4.3%	0.0%	2.2%	4.3%	0.0%	2.9%
Percent Severely Cost Burdened ²	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Moderate to Upper Income (>80%)	213	409	680	279	288	99	1,969
Percent Cost Burdened ¹	0.0%	0.0%	0.0%	0.0%	2.7%	0.0%	0.4%
Percent Severely Cost Burdened ²	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Subtotal	2,355	4,655	4,394	3,060	2,231	2,373	19,068
AMI Income Level	Owner						Total
	Elderly	1	2	3	4	5+	
Extremely Low-Income (0-30%)	448	230	99	106	59	62	1,004
Percent Cost Burdened ¹	53.7%	66.6%	16.6%	63.0%	68.2%	65.1%	58.1%
Percent Severely Cost Burdened ²	34.8%	2.6%	8.0%	46.3%	52.0%	36.5%	40.8%
Very Low-Income (31-50%)	415	195	152	134	70	58	1,024
Percent Cost Burdened ¹	31.0%	57.6%	74.7%	64.7%	48.6%	43.3%	48.9%
Percent Severely Cost Burdened ²	10.5%	23.4%	32.6%	14.5%	14.6%	0.0%	16.4%
Low-Income (51-80%)	527	297	317	78	128	95	1,442
Percent Cost Burdened ¹	7.7%	51.7%	5.2%	21.1%	14.6%	11.4%	26.6%
Percent Severely Cost Burdened ²	6.5%	2.0%	2.5%	10.1%	0.0%	0.0%	4.9%
Moderate to Upper Income (>80%)	429	338	487	461	278	224	2,217
Percent Cost Burdened ¹	6.1%	10.4%	3.4%	3.8%	0.0%	0.0%	4.3%
Percent Severely Cost Burdened ²	2.4%	3.9%	0.0%	0.0%	0.0%	0.0%	1.1%
Subtotal	1,819	1,060	1,055	780	535	439	5,688
Total	4,174	5,714	5,449	3,840	2,766	2,813	24,756

¹Cost-burdened represents households spending more than 30 percent of their income on housing and includes those that are severely cost-burdened.

²Severely cost-burdened represents households spending more than 50 percent of their income on housing.

³Percentages are approximate.

Source: U.S. Census 2000 Public Microuse Data, interpolated by Bay Area Economics, 2008.

Projected growth figures are usually a function of land use patterns and past trends in household growth. Variables in market dynamics, political initiatives, and available subsidies dictate the ability to meet or exceed projected growth thresholds in any given year. When defining housing production targets for Ward 8, one approach is to estimate future household growth from recent trends. The 2006 Comprehensive Plan projects that Ward 8 (Far Southeast/Southwest) will reach 30,100 households by 2025, a growth rate of approximately 1.6 percent annually from 2005. Recent estimates from Claritas, Inc.—a national data provider—show Ward 8 households growing approximately 0.8 percent annually since 2000. Using these as lower and upper limits on growth, Ward 8 could potentially absorb 1,000 to 2,000 new households by 2013. This aligns well with the estimated timing for development pipeline projects, which have nearly 1,400 units being constructed or rehabilitated within the next five years. This includes approximately 900 new (or currently vacant) affordable rental and for-sale units, 425 affordable rehabbed replacement multifamily units, and 70 units for special needs.

To determine Ward 8's housing needs, BAE examined cost-burdened households, households on the waiting list for housing vouchers or public housing, household growth projections, subsidized housing units set to expire, and planned units in the development pipeline. Table 7 on the following page provides the best breakdown of these characteristics based on data collected from previous tasks.

Achieving a balance of incomes and tenure throughout Ward 8 would require a shift toward homeownership. Currently, three-quarters of the ward's households are renters, the majority of which earn 50 percent of AMI or less. Additional homeownership units (either through tenant purchases, limited equity cooperative conversions, or new construction) could help to stabilize Ward 8's many neighborhoods by increasing the number of owner households, particularly among existing households in the ward, and potentially improving the mix of household incomes in future years. New for-sale products should be diverse to attract a mix of household types and income levels.

In terms of rental units, Ward 8 is limited in the number of new rental communities with modern conveniences and attractive amenities, though many existing units have been rehabilitated recently. While extensive rehabilitation of obsolete rental communities, occupied and vacant, should continue, the nature of an existing structure can limit the extent of modernization in some cases. New affordable and market-rate rental construction is necessary in Ward 8 to replace existing facilities, increase options for renters in search of more modern conveniences, and diversify the marketplace.

Table 7: Housing Demand and Supply in Ward 8 and by NIF Area

	<u>Anacostia</u>	<u>Bellevue</u>	<u>Congress Heights</u>	<u>Washington Highlands</u>	<u>Ward 8</u>
Housing Demand					
Cost-Burdened Households	n/a	n/a	n/a	n/a	7,430
Renters	n/a	n/a	n/a	n/a	6,020
Owners	n/a	n/a	n/a	n/a	1,410
Households on DCHA Waiting List	n/a	n/a	n/a	n/a	n/a
Potential Growth in Households (by 2013)	200 to 300	100 to 200	300 to 400	200 to 400	1,000 to 2,000
Potential Growth in Households (by 2018)	400 to 600	200 to 400	600 to 800	500 to 700	2,000 to 4,000
Housing Supply					
Existing Affordable Units	1,492	210	375	1,626	9,182
Pipeline Affordable Units*	158	42	334	993	4,017
Existing Special Needs Units	92	0	0	100	250
Pipeline Special Needs Units	54	0	0	22	76
<i>Total Loss of Units**</i>	<i>880</i>	<i>109</i>	<i>375</i>	<i>1,015</i>	<i>5,652</i>
Expiring in Next 10 Years	530	109	375	711	3,725
Expiring in Next 11 to 20 Years	350	77***	0	304	1,927

*These include rehabilitated replacement units as well as new planned projects. This number also includes market-rate and affordable units.

**Loss of units represents units with subsidy expirations that could be recorded or confirmed for this report. Considering units with subsidy that could not be confirmed would likely raise the number of units lost.

***It is unknown when these 77 subsidized units will expire.

Source: Bay Area Economics, 2008.

NIF Areas

Anacostia

The Anacostia NIF area has the second highest count of existing subsidized units of the ward's four target areas. Approximately 1,500 subsidized affordable housing units currently exist, the large majority of which are rentals. Many of these properties cluster within the area west of Fort Stanton Park, east of 14th Street, south of V Street, and north of Morris Road. Pipeline affordable developments total nearly 160 units, 118 of which are rehabs of occupied rental units. The remaining units are small for-sale projects (rehabbed condominiums and new construction single-family homes). About 130 units exist in Anacostia's market-rate development pipeline with one project having up to 80 units. The tenure of these projects is yet to be determined. Lastly, Anacostia had the highest incidence of individual owners renting out their units than any other NIF area. Such small landlords can be an issue for the neighborhood if not properly committed and equipped to manage their properties and carefully screen their tenants for previous experience as renters, credit and criminal records.

Regarding expiring units, approximately 530 existing affordable housing units have subsidies set to expire within the next 10 years in this NIF area, as do an additional 350 units over the next 20 years. Note that these numbers represent units only with expiration dates *recorded or confirmed for this report*. Considering the properties in this NIF Area with unconfirmed expiration dates, the total number of units possibly lost over the next several years could be significantly higher.

Anacostia is an area of several contrasts. The portion west of Fort Stanton Park contains older attached and detached single-family housing stock intermixed with mid-rise multifamily structures. Though varied, the majority of units appear to be in fairly good condition—minor cosmetic improvements needed with no obvious signs of major structural damage. Clusters of units along Maple View Place, High Street, and 14th Street either do not appear structurally sound or are in substandard condition. To the east of Fort Stanton Park, well-kept single-family and multifamily housing of various ages exist near Good Hope Road and 25th Street. Housing in the remaining part of this area off Alabama Ave at Ainger Place and Knox Place is a mix of large-scale affordable rental apartments (including Woodland Terrace—an active public housing site) and small single-family homes in varying conditions.

Considering that Anacostia's profile consists predominantly of family households with renters far outnumbering owners and multifamily structures (10 units or more) exceeding all other housing types, strategies for this NIF area in the short- and long-term should emphasize:

- preserving the subsidies for existing assisted housing;
- helping tenants to purchase their rental developments;
- upgrading existing affordable and market-rate multifamily housing; and
- increasing affordable and market-rate homeownership opportunities, particularly single-family townhouses and detached units.

This strategy could potentially help to diversify Anacostia's current housing type offerings, improve its homeownership rate, take advantage of infill opportunities with existing infrastructure, serve families in need of larger, single-family options, and increase the NIF area's median household income. Currently, Anacostia's households compose 15.1 percent of Ward 8's households. Assuming this NIF area's share of Ward 8 households remains constant over time, Anacostia could grow by as many as 200 to 300 households in the next five years (2013).

Bellevue

Bellevue includes two existing affordable housing properties totaling 186 units. Approximately 24 affordable for-sale townhomes were built as part of a larger market-rate community in 2006, though the affordable nature of these units was likely not permanent. One affordable pipeline project is expected to deliver 42 affordable condominium units by 2010. No market-rate pipeline projects are planned or proposed for Bellevue.

Regarding Bellevue's expiring units, approximately 109 existing affordable housing units are set to expire by 2014. Note that these numbers represent units with expiration dates that could be *recorded or confirmed for this report only*. Approximately 77 additional units in this NIF area are made affordable through subsidy; however, the subsidy expiration date of these units could not be confirmed. Given the limited nature of subsidized housing units in this NIF area and the lack of available land to adequately build new products, preservation of these units is strongly encouraged.

Predominantly older housing stock in good condition characterizes the Bellevue NIF Area. Multifamily structures of 10 units or more cluster primarily east of First Street, SW and west of South Capitol Street, though a few exist amidst single-family homes. Housing units along Galveston Place were most noticeably in need of repair and improvements. This street consists of mainly four-unit multifamily structures for rent and, in some cases, major repairs are needed.

There are several characteristics unique to Bellevue among the four NIF areas. It has the highest percentage of single-person households, highest percentage of residents 55 years of age and older, the largest share of nonfamily households and childless families, and the greatest percentage of small multifamily structures (two to nine units). While opportunities to redevelop infill sites will continue to arise over time, the built-out nature of Bellevue will likely constrain the neighborhood's ability to accommodate new development in the near term.

Considering Bellevue's current composition of households, the neighborhood could benefit from new multifamily rental and assisted living options for seniors interested in smaller units, but wanting to remain in Bellevue. New affordable and market-rate multifamily (for-sale and rental) products could work well for single persons or couples and mature householders (45 to 64 years of age) looking to downsize, while remaining in the neighborhood. This downsizing could free up existing single-family homes for larger families (with or without children) interested in homeownership. New affordable and market-rate townhomes could be yet another alternative where land patterns permit, much like those along Danbury Street. This strategy seeks to expand Bellevue's housing choices for residents of all types, allowing for shifts in housing demand and

tenure as existing residents age and suggesting housing options at moderate to medium densities to absorb additional households.

Depending on the ability for new projects to be developed in Bellevue, the neighborhood could possibly absorb an additional 100 to 200 new households by 2013. Efforts to maintain, if not increase, Bellevue's current homeownership rate (33.7 percent) should be encouraged.

Congress Heights

Similar to Bellevue, Congress Heights includes two existing affordable housing properties totaling 375 units. Both are rental and are located at opposite ends of the NIF area. About 240 new affordable rental units and 94 affordable homeownership units are in the development pipeline for the southeastern edge of Congress Heights. The market-rate development pipeline identifies approximately 230 units *proposed* at the eastern boundary of this NIF area. This includes the Park Vista and Congress Heights Metro Station proposals. The development programs of both projects are not yet defined. Approximately 375 existing affordable housing units are set to expire within the next 10 years in this NIF area.

The majority of units in Congress Heights are in good to excellent condition. This NIF area experienced much redevelopment in recent years. Older communities fit together well with newer communities, resulting in a pleasant neighborhood environment. The pipeline affordable and market-rate projects already account for the remaining, near-term large-scale redevelopment opportunities in this NIF area. Mixed-income and mixed-use development would be very appropriate to take advantage of the area's superior Metro access. Affordable and workforce units should be included in all new development on District- and WMATA-owned sites.

Congress Heights succeeds in offering a variety of housing products for different household types. Like Bellevue, this NIF area should work to maintain, or improve, its current homeownership rate, while still offering opportunities for new rental products. Given the limited existing affordable housing inventory in this NIF area, future for-sale and rental projects should incorporate a mix of incomes. Based on recent and projected growth patterns and the ability for Congress Heights to absorb additional households, this NIF area could attract approximately 300 to 400 additional households in the next five years.

Washington Highlands

The Washington Highlands NIF area has the highest concentration of affordable and special needs housing among the four target areas. Approximately 1,600 subsidized affordable housing units currently exist, all of which are rental. Aside from the large public housing site—Highland Dwellings and Highland Addition—most of these properties cluster towards the southern edge of the area near Livingston Road and 3rd Street and towards the easternmost edge along Chesapeake Street. Pipeline affordable developments total nearly 1,000 units, most of which are rehabbed multifamily rental units. About two-thirds of these projects include rehabilitation of existing occupied units that will not bring in new households.

Approximately 711 existing affordable housing units are set to expire within the next 10 years in this NIF area, including 181 units by 2009. An additional 304 units are set to expire by 2024. Note that these numbers represent only units with expiration dates that could be *recorded or confirmed for this report*. Considering the properties with unconfirmed expiration dates, the total number of units lost over the next several years in this NIF area is likely larger than could be quoted here. Preserving this assisted housing stock should be the first priority.

Washington Highlands' housing mix incorporates an assortment of product types and unit ages. The majority of housing stock is in fair to good structural condition with minor cosmetic improvements necessary. Several vacant multifamily properties are currently under renovation. There is evidence of recent development in all portions of the NIF area and some additional vacant land capacity still exists near 9th Street and Valley Avenue, SE. However, the large public housing development creates many challenges for this NIF area.

The flurry of pipeline activity is a good sign for Washington Highlands, as it improves housing conditions for area residents. This NIF area has the most to gain from the addition of affordable and market-rate homeownership opportunities due to the low homeownership rate (18.7 percent) and the small percentage of single-family units (26.4 percent) compared to large multifamily developments (43.7 percent).

Given the large existing multifamily supply, it appears that this NIF area would benefit from potential tenant purchase opportunities and/or the conversion of rental units into limited equity cooperatives (as they become available) to achieve a higher rate of homeownership among existing residents. With an average of 2.71 persons per household, new housing products (rental and for-sale) should be oriented primarily to family households, while still also accommodating singles and couples. Renovations

Because this NIF area experienced a decline in population and households since 2000, new "growth" over the next few years will actually be households replacing those that left and never returned. The area may be able to attract 200 to 400 new households over the next five years.

Key Area Strengths

Ward 8 has several attributes that make it an attractive location for residents of all incomes and ages. Chief among these are good accessibility, unique amenities, a mix of housing types, considerable investment activity, and a spirited, existing community. Leveraging these assets can help to achieve production targets.

Good Accessibility and Proximity

The ward offers an opportunity to live in Washington with proximity to Capitol Hill, the new Washington Nationals Baseball Stadium, and Downtown D.C. Its location relative to major travel corridors such as the Anacostia Freeway, South Capitol Street, and Suitland Parkway allows for quick and easy access in and out of the District. The intricate network of Metro bus

and rail routes also provides alternative means to connect to other destinations within Ward 8 and beyond, though evening bus service is somewhat limited.

Unique Amenities

A number of unique amenities in Ward 8 appeal to a broad cross-section of individuals. Distinctive historic and cultural features include the Historic Main Street in Anacostia, the Frederick Douglass National Historic Site, the Anacostia Community Museum, THE ARC, the Boys and Girls Club, and the Ward 8 Farmers Market. These attributes contribute to the area's identity and create a sense of place for adults, children, and families. Ward 8 also enjoys various natural features such as the Anacostia Waterfront, Fort Stanton Park, and a varied topography, which provides matchless views of Downtown DC and the Capitol.

Housing Mix

Ward 8 offers a diversity of housing types for an array of households. Significant rehabilitation of multifamily structures in recent years provided smaller, for-sale options (i.e., condominiums) for young singles and couples, first-time homebuyers, and other small households. Newly constructed mixed-income communities further broadened Ward 8's ability to attract households looking for less dense, single-family units with private yards, seniors interested in downsizing to smaller units, and large families needing larger rental accommodations than can be found in apartment communities. The area's older, existing housing stock continues to present yet another option for those interested in living in Ward 8.

Significant Investment Activity

After many years of minimal Ward 8 construction, the success of developments by local developers revealed a pent-up market demand for new quality homes. Major new development at Poplar Point will further expand the range of housing products available in Ward 8, providing a high-amenity community. Redevelopment of Barry Farm/Park Chester/Wade Road and proposed development at St. Elizabeth's East Campus and the Congress Heights Metro Station could create a major increase in the supply of new housing.

In addition to continued residential development, the District Government, the Anacostia Economic Development Corporation (AEDC), and several nonprofit organizations and private property owners are committed to strengthening Ward 8's economic environment by providing a critical mass of activity at key nodes. Public, private, and nonprofit tenants in search of affordable office space within the District have located along Anacostia's Historic Main Street, while some small business owners are able to serve both the local community and reach broader audiences. There are also future plans to restore retail storefronts along Good Hope Road and Martin Luther King, Jr. Avenue and bring some additional housing choices to that core area. Leveraging these developments along with the proposed new streetcar line and D.C.'s Great Streets initiatives can result in a new higher-amenity environment for Ward 8.

Spirited, Existing Community

Tied together through its committed, faith-based community, Ward 8 remains a very spirited collection of neighborhoods. Annual events and celebrations foster community empowerment and stewardship. Several public and charter schools and community facilities offer opportunities for youth, adults and seniors.

Barriers to Achieving Affordable and Market-Rate Housing

Based on conclusions from earlier tasks and discussions with various providers of affordable and market-rate housing in the District, BAE identified several barriers to achieving residential production targets in Ward 8.

Private Market Slowdown/Strained National Economy

The drop in home sales velocity has led to an increase in the supply of homes on the market District-wide that compete with newly delivered housing. While this rise in supply has led to more options for prospective buyers, stricter mortgage terms and tighter underwriting restrictions have made it harder for first-time homebuyers and move-up buyers to qualify for mortgages. In addition, the strained national economy coupled with the overwhelming global demand for oil and fuel have resulted in rising unemployment and large increases in gas, food and energy prices. With annual household incomes remaining relatively flat and the cost of living increasing, many households are more concerned with maintaining their current living situation than buying a home. This reality will impede Ward 8's ability to achieve new for-sale production targets in the short term (next one to two years). Because the need for affordable for-sale units is widespread, the absorption pace of such units may not decline at the same rate as market-rate products, though it will likely be slower than in previous years. Typically, the challenge with absorption of affordable for-sale units lies in the readiness of a prospective household to take on the responsibility of owning a home. Preparation for homeownership can take years depending on the household's existing credit and job histories, budgeting and debt management abilities, and income qualifications.

From the producer side, rising costs of building materials due to increases in global demand, rising oil and petroleum prices, and increasing land prices challenge the ability to develop and keep costs down for both affordable and market-rate projects. Sluggish absorption of for-sale products increases the time and risk involved in residential development, further increasing costs and undermining the potential for adequate returns on investment. For rentals, some housing developers find it difficult to achieve rents high enough to either offset growing operating expenses of existing properties or to turn a profit on new construction due to the high costs of labor and materials. Regional wages are not rising at the same pace as property tax assessments and construction costs. LIHTC projects are even more strained financially because their rents are determined by Area Median Family Income (AMI), which is not increasing as rapidly as are operating expenses and property taxes. Such issues pose a real challenge to any city's rental market and its ability to thrive in the short- and long-term. Ward 8 is feeling the effects of these collective constraints and will continue to do so, as financial resources for future housing production subsidies become more limited.

Strained Financial Markets

The financial market collapse due to sub-prime mortgages and other risky lending activities is now constraining developers' ability to fund affordable and market-rate residential projects, while the need for favorable financing continues to climb. With the lower value of tax credits (about

\$.80 per \$1 of credit in today's market), equity investments available from LIHTCs are more limited, creating a larger financing gap to build affordable rental housing and rehabilitate substandard housing. Lenders are also more conservative, imposing stringent loan underwriting standards and requiring higher pre-sale thresholds for for-sale projects. Due to the heavy volume of lending in recent years, many banks are overwhelmed with backlogs of approved affordable housing projects and need to prioritize which projects can still proceed. Some nonprofit developers are reducing their developer fees to have more money for other financing needs.

Because many of Ward 8's housing projects require or use subsidies to assist in financing, the strained financial environment will have a direct impact on housing production in this area, adding more pressure on the District government to fund the gap. This at a time when lower residential sales are translating into lower revenues from real estate transfer taxes and less available subsidy for pipeline affordable housing projects.

Impact of Foreclosures

The rapid and exponential rise in the number of foreclosed properties on a national level has threatened the stability of many communities. Clusters of foreclosed homes sitting vacant on the market for long periods of time can diminish property values, become crime havens, and disrupt even the nicest of neighborhoods. Particularly vulnerable are areas with emerging local real estate markets that sit on the threshold between disinvestment and positive changeover. Due to the types of non-traditional loans financed over the last few years and stagnant appreciation (in some cases, a drop in home values), many foreclosed properties are "upside down" on their mortgages with homes worth less than their loan balances. As a result, financial institutions are finding it more difficult to dispose of such homes without major financial losses.

As stated in Section II, the District had been slow to realize a wave of foreclosure activity until mid-2007. Prior to this timeframe, surrounding jurisdictions such as Montgomery and Prince George's County (MD) and outer-lying suburbs such as Prince William County (VA) were the hardest hit with clusters of foreclosure activity countywide. Recently, Ward 8 has fared better than most other wards in the District in terms of foreclosure activity, ranking among the lowest of wards in foreclosure volume. However, with rising foreclosure activity through 2009 being a very real threat for the District, it is at risk of increased activity.

Part of the reason for the significant rise in foreclosures can be attributable to adjustable rate mortgages resetting from their initial introductory interest rate periods to a higher variable interest rate, ballooning monthly mortgage payments and cost burdening many homebuyers. Declining home values in portions of the District and beyond have also made refinancing mortgage loans next to impossible, especially for loans that required no downpayment (essentially securing no equity in the home).

National trends raise concern about condominium developments, particularly those converted from rental properties. Less than one-half of the condominium units purchased in Ward 8 in 2006 and 2007 were owner-occupied. Investor speculation in acquiring local condominiums may be a harbinger of foreclosures to come when rents do not cover the ownership costs and the slow market prevents quick re-sale for the purchase price. As investors become more squeezed, many

choose first to stop paying their condominium fees. That places greater financial burden on other owners and can result in a failure to maintain common areas and building systems. The sale of investor or foreclosed units at a loss reduces the market value of owner-occupied units and their ability to refinance or sell. Without intervention, that can create a vicious cycle of declining values and building conditions.

Area Context and Image

For all its strengths, Ward 8 is still challenged by image issues. Hot spots of crime, pockets of disinvestment, the concentration of poverty, the quality of schools, and the physical separation of this area from the rest of the District have all contributed to an unfavorable perception of Ward 8 over the years. The tables below illustrate the frequency of various types of crime in District Seven (Ward 8). From 2001 to 2005, criminal activity fluctuated annually, peaking in 2003 (about 67 incidences per 1,000 persons). Year 2005 had the lowest number of incidents since 2001 at 55 incidences per 1,000 persons. Larceny/theft, automobile theft and aggravated assault consistently emerged as the most common types of crime. A closer look at the monthly crime statistics for April 2008 reveals some positive change in District Seven crime counts from the same point in time in 2006, though incident patterns by type of crime were similar.

Table 8: Seventh District Annual Crime Totals – 2001 to 2005

Crime	2001	2002	2003	2004	2005
Homicide	61	59	65	55	63
Sexual Assault	29	39	61	46	32
Robbery	430	405	459	418	481
Aggravated Assault	977	963	1,016	865	743
Burglary	554	505	614	509	464
Larceny/Theft	1,276	1,152	1,057	903	936
Stolen Auto	883	1,024	1,115	876	918
Arson	26	14	26	18	9
Total	4,236	4,161	4,449	3,690	3,646
% Change	N/A	-1.8%	+6.9%	-17.1%	-1.2%

Source: Metropolitan Police Department; BAE, 2008.

Table 9: Seventh District Monthly Crime Statistics – April 2008

Crime	Year-to-Date Comparison			Monthly Comparison		
	Thru 4/07	Thru 4/08	% Change	4/07	4/08	% Change
Homicide	14	13	-7%	7	5	-29%
Sexual Assault	21	13	-38%	6	5	-17%
Robbery	187	207	11%	54	77	43%
ADW	202	175	-13%	61	45	-26%
Burglary	173	218	26%	60	57	-5%
Theft	205	192	-6%	70	51	-27%
Theft from Auto	133	139	5%	39	47	21%
Stolen Auto	288	251	-13%	85	71	-16%
Arson	2	1	-50%	1	0	-100%
Total	1,225	1,209	-1%	383	358	-7%

Note: ADW = Assault with a Deadly Weapon

Source: Metropolitan Police Department; BAE, 2008.

Ward 8 also has three focus improvement areas (crime “hot spots”) – Ainger Place in Anacostia, Elvans Road in Congress Heights and Yuma Street in Washington Highlands. While the success of redevelopment projects in Ward 8 indicates that the area is overcoming some of these obstacles, continued neighborhood maintenance (aggressive code enforcement, targeted law enforcement and crime prevention, beautification efforts) and investment by individual property owners and the District government are still very necessary.

Appendix A

Table A-1: Home Mortgage Trends by Ward, Washington DC, 1997-2005

	<u>DC TOTAL</u>	<u>Ward 1</u>	<u>Ward 2</u>	<u>Ward 3</u>	<u>Ward 4</u>	<u>Ward 5</u>	<u>Ward 6</u>	<u>Ward 7</u>	<u>Ward 8</u>
New Mortgages									
2005	16,175	2,419	3,109	2,064	1,655	1,750	3,043	1,292	844
2004	13,857	1,832	2,799	1,927	1,463	1,509	2,485	1,208	634
2001-2003 (average per year)	10,621	1,692	2,046	1,870	1,104	1,054	1,756	616	482
1997-2000 (average per year)	8,344	1,132	1,663	1,763	968	715	1,349	489	263
New Mortgages per 100 Housing Units									
2005	12.4	19.5	16.9	9	8.1	10.1	17.9	8.6	11.6
2004	10.9	15.5	15.9	8.5	7.3	8.8	15.8	8.1	8.7
2001-2003 (average per year)	8.5	14.8	12.2	8.3	5.5	6.2	11.6	4.2	6.8
1997-2000 (average per year)	6.8	10.4	10.2	8	4.8	4.2	9	3.4	3.9
Median Loan Amount (2006 \$ Thousands)									
2005	\$278	\$306	\$333	\$397	\$332	\$241	\$334	\$163	\$156
2004	\$253	\$297	\$293	\$427	\$298	\$214	\$277	\$155	\$124
2001-2003 (average)	\$197	\$222	\$225	\$320	\$237	\$164	\$215	\$131	\$106
1997-2000 (average)	\$149	\$165	\$161	\$239	\$183	\$132	\$149	\$109	\$92
Annual Percent Change, Median Loan Amount									
2004-2005	9.9	2.8	13.7	-7	11.4	12.3	20.6	4.9	26.3
2003-2004	15	17.8	13.9	19.9	9.4	12.3	19.3	11.2	13.6
2001-2003	11.2	15.4	11.4	14.8	14.4	14.7	6.9	5.6	3.5
1997-2000	3.3	2	5.3	4.2	4.2	1.6	5	-1.7	2.8
Percent of Mortgage Applications Denied (1)									
2005	14.3	12.2	9.3	5.9	17.8	21	10.9	24.8	24.9
2004	13.4	11.6	9.1	5	14.9	20.5	11	24.7	24.1
2001-2003 (average per year)	9.9	8.5	6.9	3.5	12.5	17.4	8.6	21.6	25.1
1997-2000 (average per year)	14.3	13.2	9.9	5.2	15.6	32.3	14.3	34.3	43.6
Percent of Mortgages with High Interest Rates (1)									
2005	18.1	13.2	5.4	3.1	27.9	37.1	11	44.3	45

Notes: 1. Mortgage application denial and high interest rate loan data are calculated for conventional loans only.

Source: Home Mortgage Disclosure Act (HMDA) data tabulated by DataPlace and NeighborhoodInfo DC; BAE, 2008

Table A-2: Borrower Trends by Ward, Washington DC, 1997-2005

	DC TOTAL	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Ward 7	Ward 8
Median Borrower Income (2006 \$ Thousands)									
2005	106.4	110.1	125.9	156.3	125.3	90.6	122.4	69.5	66.8
2004	93.2	105.6	111.5	161.4	101.7	75.4	101.4	59.8	52.8
2001-2003	85	92.7	109.8	148.8	93.9	64.4	94.5	51	46.3
1997-2000	72.2	77.6	93.5	134.2	79	57.2	74.1	44.3	39.5
Percent of Mortgages, Not Principal Dwelling									
2005	16.2	11.5	17	9.6	12.5	21.2	15.1	24.3	30.7
2004	14.4	10	15	7.6	9.2	21.1	13.3	22.3	29.9
2001-2003	9.7	8	11.7	5.7	6.2	14.6	8.8	15.8	15.7
1997-2000	5.9	5.5	7.7	4	4.5	7.9	5.3	7.1	8.1
Percent of Mortgages, Black Borrowers									
2005	27.2	14.9	5.7	3.7	39.8	53.1	15.7	82.2	88.7
2004	27	12.5	4.4	3	39.4	53.5	16.1	83.5	85.2
2001-2003	27.8	15.5	4.3	3.2	40	65.1	20.5	86.6	91.7
1997-2000	31.7	19.8	7	3.6	51.1	84.9	31.2	90	91.2
Percent of Mortgages, White Borrowers									
2005	56.5	67.7	75.7	80.9	35.1	33.6	68.2	9.4	5.5
2004	59.6	71.1	80.8	83.8	42.8	35.8	69.6	10.7	8.6
2001-2003	60.3	70	82.3	83.9	43	25.3	70.1	7.7	4.3
1997-2000	58.1	65.9	81.6	84.9	34.7	9.5	62.7	5.2	5.7
Percent of Mortgages, Hispanic Borrowers									
2005	7.2	8.1	5.8	4.1	18.2	7.1	4.5	7	4.2
2004	5.6	5.1	4.8	4.7	12.2	6.4	4.1	4	3.7
2001-2003	4.2	5.8	3.8	3.4	9.9	3.9	2.1	2.1	1.6
1997-2000	3.7	7.9	3	2.9	8.2	1.9	1.5	0.5	1.1
Percent of Mortgages, Asian/Pac. Islander Borrowers									
2005	5.9	5.4	9.9	7	2.7	3.3	8.5	0.4	0.8
2004	4.4	6.2	6.5	4.6	1.7	2.2	6.3	0.6	2
2001-2003	2.9	3.9	5.1	3.5	1.9	1.5	2.2	0.4	0.5
1997-2000	1.8	1.8	3.6	2.4	1.1	0.5	1.2	0.2	0.2
Percent of Mortgages, Lone Female Borrower									
2005	31.3	27.3	28.5	30.4	30.3	35	27.3	48.5	43.2
2004	33.1	29.7	29.5	29.5	31	35.7	30.1	52.7	47.2
2001-2003	32.9	29.6	28.1	30.1	29.8	42.1	29.2	51.3	53.1
1997-2000	31.9	26.6	26.2	28	32.8	43.4	31.2	49.3	53.5

Source: Home Mortgage Disclosure Act (HMDA) data tabulated by DataPlace and NeighborhoodInfo DC; BAE, 2008

Table A-3: Loan Applications Summary for Ward 8 and Washington DC, 2006

	Applications Approved				Applications Denied		Percent of Applications Denied (4)	
	Loans Originated		Not Accepted		Ward 8	DC	Ward 8	DC
	Ward 8	DC	Ward 8	DC	Ward 8	DC	Ward 8	DC
Home Purchase Loans (1)	1,137	14,785	156	1,676	401	3,392	23.7%	17.1%
FHA, FSA/RHS & VA	22	68	2	4	10	30	29.4%	29.4%
Conventional	1,115	14,717	154	1,672	391	3,362	23.6%	17.0%
Refinancings (1)	1,500	15,048	196	2,118	727	6,249	30.0%	26.7%
Home Improvement Loans (1)	162	1,774	26	375	140	1,125	42.7%	34.4%
Loans on Homes of 5 or More Units	29	144	0	5	4	25	12.1%	14.4%
Non-Occupant Loans (2)	384	4,081	70	604	196	1,571	30.2%	25.1%

	Value of Loans Originated (\$000s)				Value of Denied Applications (\$000s)			
	Total		Per Loan		Total		Per Loan	
	Ward 8	DC	Ward 8	DC	Ward 8	DC	Ward 8	DC
Home Purchase Loans (1)	\$189,611	\$4,208,062	\$166.76	\$284.62	\$65,528	\$858,587	\$163.41	\$253.12
FHA, FSA/RHS & VA	\$5,337	\$17,362	\$242.59	\$255.32	\$2,181	\$7,412	\$218.10	\$247.07
Conventional	\$184,274	\$4,190,700	\$165.27	\$284.75	\$63,347	\$851,175	\$162.01	\$253.18
Refinancings (1)	\$265,112	\$4,136,851	\$176.74	\$274.91	\$133,699	\$1,752,802	\$183.91	\$280.49
Home Improvement Loans (1)	\$16,112	\$292,876	\$99.46	\$165.09	\$11,172	\$130,950	\$79.80	\$116.40
Loans on Homes of 5 or More Units	\$24,324	\$502,970	\$838.76	\$3,492.85	\$832	\$47,443	\$208.00	\$1,897.72
Non-Occupant Loans (2)	\$93,092	\$1,286,365	\$574.64	\$725.12	\$49,792	\$480,982	\$355.66	\$427.54

- Notes: 1. Loans on all buildings less than 5 units
2. Includes all home purchase, refinance and home improvement loans for buildings less than 5 units.
3. Calculated using 2006 estimates of housing units from Claritas: 27,529 units in Ward 8 and 269,149 units in Washington DC.
4. Does not include withdrawn or incomplete applications

Source: HMDA; BAE, 2008.

Table A-4: Ward 8 Expiring Affordable Units

Project Name	Total Units (Mkt Rate & Affordable)	Total Units (Affordable)	Type of Expiring Subsidy	Subsidy Start Date	Subsidy Exp Date	Type of Expiring Subsidy	Subsidy Start Date	Subsidy Exp Date
1728 W ST SE	17	15				LIHTC	1/1/2004	1/1/2019
Atlantic Gardens	108	108	HUD Sect 8	4/6/1983	6/30/2024			
Atlantic Terrace	196	196	HUD Sect 8	11/1/2004	10/31/2024	LIHTC	1/1/1988	1/1/2003
Carver Hall Apartments	95	95	HUD Sect 8	1/1/2005	12/31/2025			
Congress Park I (Congress Park Plaza Apts)	163	162	HUD Sect 8	8/3/1983	9/30/2007	LIHTC	3/1/2000	3/1/2015
Congress Park II	238	213	HUD Sect 8	9/27/1984	9/30/2007	LIHTC	11/4/2004	11/4/2019
Crescent Park Village	110	109				LIHTC	1/1/1999	1/1/2014
Douglass Knoll Apartments	185	185				LIHTC	1/1/2002	1/1/2017
Dupont Park Adventist Apts (Walter Washington Estates)	45	45	HUD Sect 8	4/1/2004	3/31/2009			
Frederick Douglass (Douglas Glen Gardens)	152	150	HUD Sect 8	12/1/1980	11/30/2020			
Friendship Courts (Wildrich Courts)	136	136				LIHTC	1/1/2001	1/1/2016
Galen Terrace	84	84	HUD Sect 8	1/1/2002	5/31/2026	LIHTC	3/1/2007	3/1/2022
Garfield Hills Apartments (Garfield Park)	94	93	HUD Sect 8	8/1/2004	9/30/2007	LIHTC	1/1/2000	1/1/2015
Hanover Court / Maplewood Court	168	168				LIHTC	10/24/2000	10/24/2015
Henson Ridge Rental**	124	124				LIHTC	2004	2019
Howard Hill Apartments*	43	43				LIHTC	11/1/2005	11/1/2020
Huntington Village (Hunter Pines EAST & WEST)	202	202	HUD Sect 8	8/1/2007	2/28/2007			
Meadowbrook Run (Trenton Park Apartments)	259	249				LIHTC	1/25/2002	1/25/2017
Morris Road	30	30	HUD Sect 8	6/1/2005	5/31/2007			
Otto B. Berg Apartments	25	25	HUD Sect 8	8/1/1994	7/31/2014			
Oxford Manor	227	226				LIHTC	5/1/2005	5/1/2020
Parkchester Associates Apartments	94	94	HUD Sect 8	5/13/1983	11/30/2024			
Parkchester Housing Coop(New Parkchester)	128	128	HUD Sect 8	7/1/1992	7/31/2007	LIHTC	1/1/1992	1/1/2007
Parkway Overlook EAST & WEST	266	266	HUD Sect 8	1/1/2007	1/31/2007	LIHTC	1/1/2002	1/1/2017
River Hill Apartments (Bolling View)	126	126				LIHTC	1/1/2004	1/1/2019
Robert L. Walker House	69	68	HUD Sect 8	3/3/1989	3/2/2009	HUD Sect 202/811	3/1/1990	2/1/2030
Rockburne Estates	224	223				LIHTC	1/1/2000	1/1/2015
Royal Courts Apartments (Bowling Green Apartments)	126	126				LIHTC	1/1/2004	1/1/2019
Savannah Heights Apartments	100	100				LIHTC	4/1/2006	4/1/2021

Table A-4: Ward 8 Expiring Affordable Units (Continued)

Project Name	Total Units (Mkt Rate & Affordable)	Total Units (Affordable)	Type of Expiring Subsidy	Subsidy Start Date	Subsidy Exp Date	Type of Expiring Subsidy	Subsidy Start Date	Subsidy Exp Date
Sayles Place Homes, Inc.	61	12	HUD Sect 8	10/1/2006	3/31/2007	HUD Sect 236	4/1/1981	3/1/2014
Southern Hill Apartments	255	255	HUD Sect 8	5/1/2003	4/30/2023			
Southern Ridge Apartments	105	105				LIHTC	1/1/1995	1/1/2010
St. Paul Senior Living At Wayne Place	56	56				LIHTC	12/4/2004	12/4/2019
Stanton Glenn	378	378				LIHTC	1/1/2002	1/1/2017
Stanton Park Apartments - Gainesville*	36	36				LIHTC	1/1/2003	1/1/2018
Stanton Park Apartments - Wagner*	26	26				LIHTC	1/1/2003	1/1/2018
Stanton-Wellington Apartments (Forest Ridge Vistas)	398	398	HUD Sect 8	10/1/2005	9/30/2010			
Terrace Manor Apartments	61	61				LIHTC	1/1/1993	1/1/2008
Tobias Henson Apartments	64	64				LIHTC	1/1/1996	1/1/2011
Villages of Parklands- Garden Vill Apts & Manor Vill Apts	577	573				LIHTC	1/1/1995	1/1/2010
W Street Apartments	200	200	HUD Sect 8	11/1/2002	10/31/2022			
Wheeler Creek**	314					LIHTC	1/1/2001	1/1/2016
Wheeler Terrace	113	113	HUD Sect 8	6/4/1984	6/30/2008			
Woodbury Village (Savannah Ridge Apartments)	190	124	HUD Sect 8	7/1/2003	6/30/2010	LIHTC	1/1/2001	1/1/2016
Woodmont Crossing	176	176				LIHTC	1/1/2002	1/1/2017
Worthington Woods Apartments (Livingston Manor)	392	392				LIHTC	1/1/2002	1/1/2017

	Cumulative Loss of Units	Incremental Loss of Units
Number of Units Expired Units ¹	904	904
Huntington Village extended, but length unknown	202	202
Number of Units Expiring in Next 5 years (2013)	2657	1551
Number of Units Expiring in Next 10 years (2018)	4831	2174
Number of Units Expiring in the Next 15 Years (2023)	6181	1350
Number of Units Expiring in the Next 20 Years (2028)	6758	577

Notes: 1. Based on HUD Inventory only; confirmations on extensions could not be confirmed; Subsidy for Huntington Village was extended, but for length of extension is unknown.

2. Affordable = 80% AMI and Below

3. No contact information could be found for starred entries.

4. Double starred entries represent public housing properties or revitalized HOPE VI projects; Still need confirmation from DCHA

5. If property has multiple subsidies, the earliest expiration date was used to determine loss of affordable units in a given timeframe.

6. Colors represent the following: Blue = Anacostia NIF Area; Red = Bellevue NIF Area; Green = Congress Heights NIF Area; Purple = Washington Highlands NIF Area

Source: Bay Area Economics, 2008.

Appendix B

The following defines boundaries for the Ward 8 and the NIF areas:

Ward 8

Ward 8 represents the following Census Tracts, as defined by the US Census Bureau, 2000:

- 73.02, 73.04, 73.08, 74.01, 74.03, 74.04, 74.06, 74.07, 74.08, 74.09, 75.02, 75.03, 75.04, 76.01, 97.00, 98.01, 98.02, 98.03, 98.04, 98.06, 98.07, 98.08, 98.09

Anacostia

Anacostia represents the following Census Tract and Block Groups, as defined by the US Census Bureau, 2000:

- Block Group 1 in Census Tract 74.07
- Block Group 1 in Census Tract 74.08
- Block Group 1 in Census Tract 75.02
- Block Groups 2 & 3 in Census Tract 75.03
- Block Groups 2 & 3 in Census Tract 75.04

Bellevue

Bellevue represents the following Census Tract and Block Groups, as defined by the US Census Bureau, 2000:

- Block Group 3 in Census Tract 98.03
- Block Group 3 in Census Tract 98.06
- Block Group 1 & 3 in Census Tract 98.07

Congress Heights

Congress Heights represents the following Census Tract and Block Groups, as defined by the US Census Bureau, 2000:

- Block Group 1 & 2 in Census Tract 73.02
- Block Groups 2 & 3 in Census Tract 73.04
- Block Group 1 in Census Tract 98.04

Washington Highlands

Washington Highlands represents the following Census Tract and Block Groups, as defined by the US Census Bureau, 2000:

- Block Group 1 in Census Tract 97.00
- Block Group 1 in Census Tract 98.01
- Block Groups 1 & 2 in Census Tract 98.02
- Block Groups 1 & 2 in Census Tract 98.06