

Washington Area Housing Trust Fund
An Idea Whose Time has Come

- ◆ **Goal:** To increase the number of homes affordable to Washington area workers by creating a flexible regional housing fund to support homeownership and affordable rental housing.

Characteristics of the Washington Area Housing Trust Fund

- ◆ In 2000, a minimum wage employee earning \$5.15/hour would need to work 218 hours a week to afford the average regional two-bedroom rent of \$1,066. The average monthly mortgage monthly payment of \$1,853 would consume 92 percent of an elementary school teacher's income. A newly released study by George Mason University states that the Washington area will be the second most expensive housing market in the nation in 20 years, second only to New York City. The need for the fund is clear.
- ◆ The fund will: 1) increase and preserve the Washington region's supply of affordable homes by providing loans, grants and equity investments to locally supported affordable housing developments; 2) increase the visibility of affordable housing by engaging new corporate champions; 3) use its board of directors to help educate the region about affordable housing needs and opportunities; and 4) encourage balanced growth by placing priority on increasing and preserving the supply of affordable housing near job and transportation centers.
- ◆ The three to five year capitalization goal is \$15 million.
- ◆ The fund will be capitalized through corporate contributions, particularly from those headquartered in the region, federal and state sources, and local and national foundation grants and program related investments. The federal government has earmarked \$500,000 in the FY'03 budget to seed the fund's efforts.
- ◆ Local governments will not contribute capitalization funds but will cover the fund's administrative costs on a pro rata basis. Instead, an affordable housing developer, with an endorsement letter from a local government, would apply to the Washington Area Housing Trust Fund for gap financing to complete locally supported affordable housing transactions. All of the local governments in the Washington metropolitan region have provided their unanimous support for the fund as evidenced by two board resolutions passed by the Metropolitan Washington Council of Governments.
- ◆ Funds will be flexible and used for pre-development, new construction, rehabilitation, bridge financing, and down payment and closing cost assistance. Funds may be used to diversify the location of and types of affordable housing in the region. Funds will not be used to contribute to concentrations of affordable housing in any particular jurisdiction. The fund's board, in consultation with a loan committee, will review and approve loans. The fund is currently launching a joint initiative with the National Housing Trust Community Development Fund to provide predevelopment loans and bridge loans to local nonprofits to preserve existing affordable housing.
- ◆ The fund's board of directors consists of: Alexandria Mayor Kerry Donley, who serves as chair; Stacey Stewart, President of the Fannie Mae Foundation; National Housing Trust President Michael Bodaken; James Brodsky, a founding partner at Weiner, Brodsky, Sidman and Kider and chair of the Montgomery Housing Partnership; Brian Tracey, Mid Atlantic Market Executive for Community Development Banking at Bank of America, Conrad Egan, Executive Director of the National Housing Conference, Kristin Siglin, Vice President at The Enterprise Foundation, D.C. Councilmember Carol Schwartz, Fairfax County Supervisor Catherine Hudgins, and John Wall, Executive Vice President of Mid-City Financial Corporation.
- ◆ Support for the fund is broad as indicated by: a joint editorial in the Washington Post by Mayor Anthony Williams, Montgomery County Executive Douglas Duncan, and Alexandria Mayor Kerry Donley, a Washington Post editorial calling for federal support for the fund, and letters of support from Bank of America, the Greater Washington Board of Trade and two coalitions of nonprofit housing developers.