



**HIP**

Housing Investment Platform

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Single Family Investment Fund

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# I. Agency Overview

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# DCHFA Agency Overview

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- Founded in 1979 to stimulate and expand homeownership and rental housing opportunities in the District
- District's allocator of 4% LIHTC and Multifamily Revenue Bonds
- Approved as HUD Level 1 Risk Share participant in 2017
- Established DCHFA Housing Investment Platform in 2017 to expand mission beyond bonds and tax credits



## II. DCHFA Housing Investment Platform

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# HIP Platform Overview

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DCHFA's Housing Investment Platform is a social impact investment vehicle focused on innovative housing solutions to serve the District's housing needs.

- Impact driven investments
  - *Focus on affordable and workforce housing opportunities*
  - *Projects that achieve high economic and social returns*
- Focused local presence
  - *HIP invests exclusively in Washington DC*
  - *Ability to leverage DCHFA's platforms and products*
- Relationship-driven approach
  - *Direct origination through established relationships*
  - *DCHFA has supported the DC housing market since 1979*
- Alignment of interest
  - *HIP was seed funded with a \$5 million investment from DCHFA*
  - *HIP supports the District's Economic Plan through private capital investment*



# HIP Investment Platform

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Equity Investments

Debt Investments

For-Sale

Rental

Preservation

Green

- HIP is currently making investments in single family for-sale housing production
  - Invested \$1.0 mm of \$5.0 mm pilot commitment from DCHFA into 20 new workforce housing units
  - Strong pipeline of workforce housing opportunities at various MFI levels
- HIP is actively exploring additional opportunities outside of single family for-sale housing
  - Rental: exploring ways to increase production of affordable and workforce rental housing in the District
  - Preservation: products to preserve the existing affordable housing stock
  - Energy: tools to bring sustainable development to the affordable housing industry

## III. HIP Single Family Pilot

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# Single Family Investments Overview

HIP's began co-investing equity capital in the production of middle income homeownership opportunities with a \$5 million pilot commitment from DCHFA

- HIP has invested in four projects that will produce housing units for families earning 60-120% of MFI
  - Stabilizing distressed and transiting communities
  - Providing high quality home ownership opportunities
  
- HIP has partnered with developers to provide affordability in exchange for a lower preferred return hurdle.
  - HIP targets a 6-10% IRR on investments
  - Developers receive capital to expand capacity and increase workforce

Elvans Road Townhomes Groundbreaking



E Street Townhomes



# HIP Current Single Family Investment Terms

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Eligible Developers:	Local developers with market knowledge, technical expertise, and a demonstrated track record
Eligible Projects:	Single Family Homes, Townhomes, and Condos
Investment Size:	Pre-Development: up to \$250,000 Acquisition & Construction: up to \$1,000,000
Return Target:	Projects are evaluated on a case-by-case basis based on the risk/return profile of the investment
Preferred Return:	Distributions will first be made pari-passu to ownership interests until the Preferred Return has been achieved. Distributions in excess of the Preferred Return will be distributed up to 80% to the Developer and 20% to HIP
Fund Position:	Limited Partner/ Non Managing Member
Governance:	HIP has consent rights over major decisions
Guarantees:	Managing Member will provide guarantee of lien free completion
Application and Placement Fee:	\$1,000 and 1% of HIP's investment commitment due upon execution of a contract
Construction Monitoring Fee:	Varies depending on the scope of the project
Affordability Requirement:	Completed projects must be affordable to households earning between 60-120% of Median Family Income (MFI)
CBE Requirement:	Developer must be certified as a CBE/SBE or agree to contract 50% of the hard costs to certified CBE/SBEs
Due Diligence	Standard third-party reports required, including Appraisal and Phase I ESA

## IV. Single Family Investment Fund

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# HIP Single Family Investment Fund Overview

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DCHFA HIP is launching the Single Family Investment Fund (“SFIF”) as an investment fund to provide private capital for underserved communities in the District where traditional capital is limited

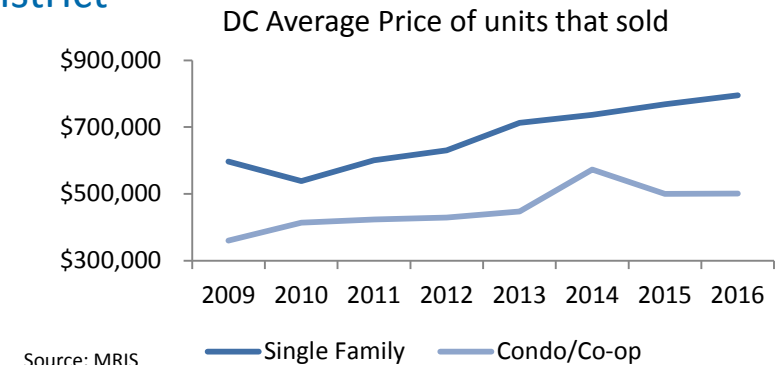
## SFIF Investment Strategy

- Partner with local developers with strong knowledge of the District to combine double bottom line capital with market expertise
- Expertise in complex transactions that combine public resources and private capital to achieve double bottom line returns
- Leverage established community and development relationships to source off-market land and projects
- Utilize DCHFA’s strong portfolio of single family mortgage products to
  - DC Open Doors provides conventional and FHA loans with as little as 3% down
  - DCHFA co-administers DC’s Home Purchase Assistance Program that offers up to \$80,000

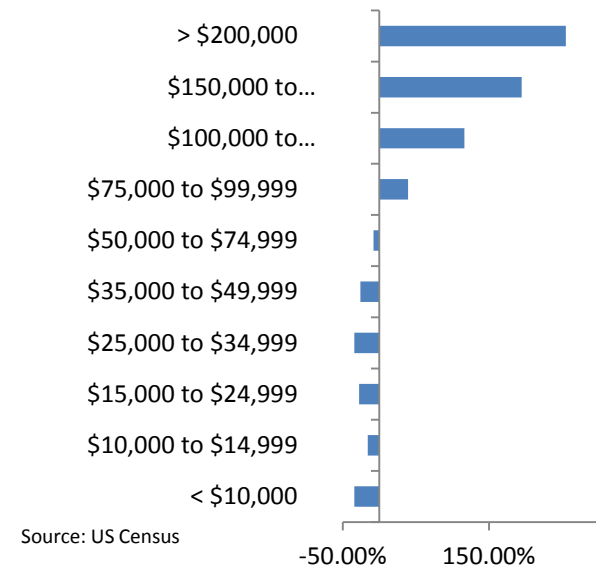
# Limited Supply, Strong Demand

Population and income growth combined with limited housing production has led to rapidly increasing home and rental prices in the District

- DC's economic metrics are strong
  - 18% population growth since 2000
  - City expected to reach 987k residents by 2045
  - Households earning above \$150k increased 230% since 2000
- Metrics disguise migrating workforce and lower income populations
  - District lost households at every income band below \$75k since 2000.
  - Lack of supply of
- Housing costs remain key barrier to middle and lower income households
  - Avg. sales price of detached house is \$795k
  - Avg. rent for 2 bedroom is \$2,502



Percentage Change in Households 2000-2015



# HIP SFIF Investment Approach

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