

The 1441 Spring Road NW Affordable Homeownership Project
Washington, DC

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Abstract

Manna Inc. proposes to develop an affordable homeownership project in the Columbia Heights neighborhood for thirteen residents of Washington, DC. Participants of the project will buy affordable units in a newly renovated building in 24 months. Working under the auspices of Manna Inc, we will raise financial support through foundations, private financial institutions, and city government agencies to develop a three-story building. Four tenants who are organized in a tenants association occupy this building. Manna Inc has an affordable housing program that will work with members of the 1441 Fernwood Tenants' Association and other members of the homebuyers club as well as any other low or mid-income family who meet the requirements of the project.

Manna Mortgage Corporation, a subsidiary of Manna Inc, will prepare these individuals and families to pre-qualify them for their mortgages after they have completed an individual mortgage readiness program. Tenants and other potential homeowners will also meet regularly with various Manna staff to secure support for the project within the community, among elected and city officials and other stakeholders.

Tenants will participate in training sessions for capacity building in a pre and post purchase program. We will evaluate the success of this project by determining:

A) Number of the initial tenants who completed the individual mortgage readiness program (measured as qualifying for a mortgage). Some of them will be buying with co-purchasers.

B) Participation of tenants in meetings with Manna Inc and training sessions and with the homebuyers club (HBC).

C) Number of tenants buying a unit in the building and becoming homeowners.

Executive Summary

The 1441 Spring Road NW Affordable Housing Project consists of the development of affordable housing for homeownership in the District of Columbia, Washington, DC. Tenants who reside in the building are becoming homeowners through a carefully crafted tenant purchase project with the help of Manna Inc, a non-profit housing developer with more than 15 years experience in the Washington, DC market.

Tenants, who are low-income families, are exercising their first right to purchase and are working with Manna Inc to buy and renovate their building. Tenants also signed a development agreement with Manna Inc where they stated their need for housing counseling and financing for the acquisition and renovation of their 13-unit building.

At this stage of the process, Manna Inc was able to acquire the building and is renovating the building with four tenants still living in the building. The project has two phases and Manna is finalizing the first phase of the project so the tenants can move to

their chosen units. All four tenants had already signed a reservation agreement for their units and will be moving in there at the end of May of 2006.

The most important goal of this project is to secure homeownership for all tenants in the building. Part of this same goal also is to minimize the number of low and mid-income homeowners from being displaced in gentrifying areas of the District of Columbia.

Manna and members of the 1441 Fernwood Tenants Association identified three main objectives for the project. Manna Inc needed to secure funding, provide training for tenants in the building, and renovate the building by December of 2006. Manna secured funding for acquisition and renovation of the building at the end of December 2005. Tenants have finished their homebuyers training and have signed reservation agreements to buy their renovated units. By April 2006, Manna's construction department also is finishing the first stage of the renovation process and tenants will be moving to their new units.

The second stage of the renovation process will start immediately after the tenants have moved to their new units to allow Manna's construction team to work over the other vacant units of the building. Manna Inc and the tenants have demonstrated that the main goal of the project can be accomplished with the help of key stakeholders. Before the end of the year, tenants will become homeowners and will be living in a newly renovated building in a vibrant neighborhood in the District of Columbia.

I. Community Needs Assessment

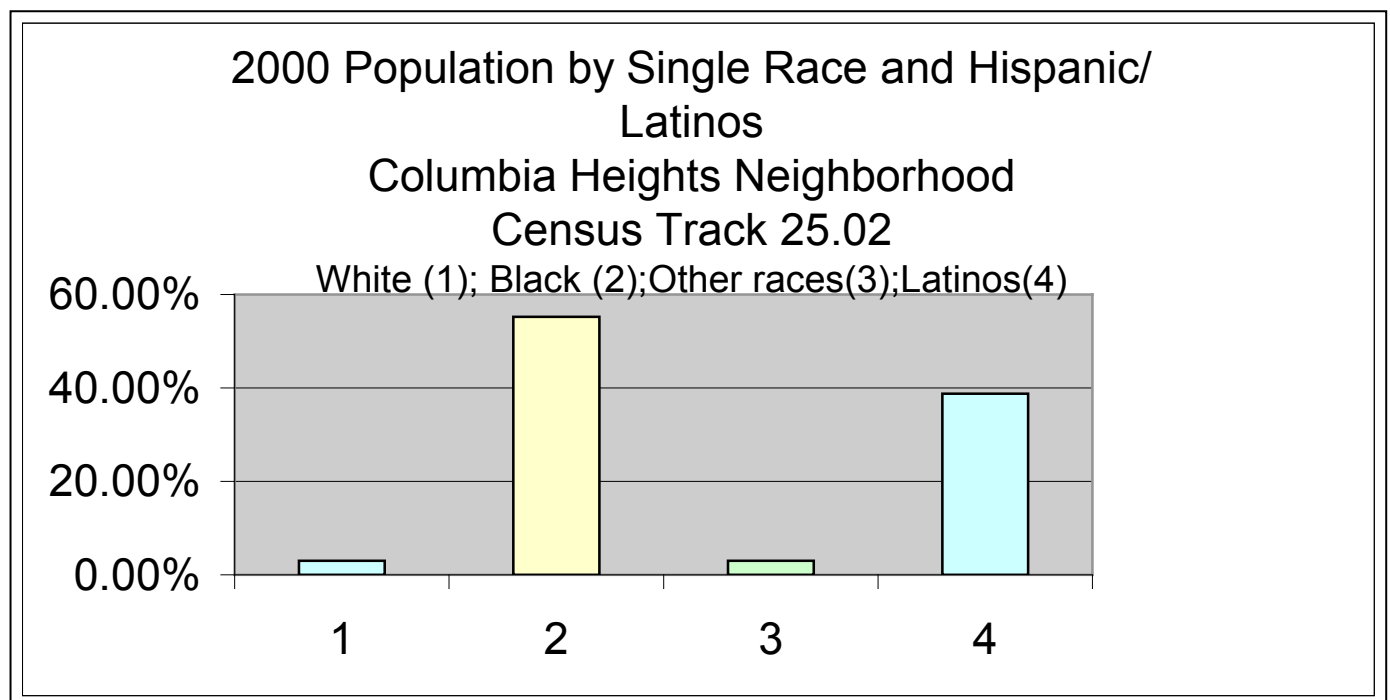
Recently, the District of Columbia and more specifically the Ward 4 area has experienced an economic boom ripe with new development and opportunities for businesses and new homeowners alike. But with this new development came several challenges to the city's elected officials to protect and continue to serve its long time lower and moderate-income residents. This sudden growth and revitalization has caused an increase in real estate values that threatens to displace many at the lower end of the economic ladder.

This trend of gentrification affected the Dupont Circle area in the 1980s, Adams Morgan in the 1990s and Mount Pleasant and Columbia Heights in the 2000s. According to a September 2003 news release of the Office of Federal Housing Enterprise Oversight, Washington, DC ranked second highest in house price appreciation in the United States. That same office also stated, "In the past five years home price appreciation has seen an 81.35% increase. The result is that homes once appraised at \$120,000 in 1998 are selling for as much as \$340,000 in 2002. Many regular three-bedroom homes are even being sold for \$550,000 to \$600,000." (Affordable Housing Activists, 2004).

The increased sales prices have been accompanied by a significant jump in property taxes, over 100% in many instances. With this increase in real estate taxes many of the residents of the District can no longer afford to be homeowners in the District, especially since over half of the area's households make less than \$66,200 a

year. Entire families have been forced out the District limits to become or continue to be homeowners.

The rental market has seen the same crunch. More than 60% rental households in the District are very low-income, meaning they bring in \$41,400 or less each year. The average advertised rent for a two bedroom unit in the District (excluding Northwest where rent for a 2-bedroom is \$2048) is \$1272, almost double the \$693 average in 1998 (Affordable Housing Activists, 2004).



2000 US Census tract 25.02, District of Columbia: Race, Hispanic or Latino.

Taking a closer look at Latinos in the District of Columbia, the majority of them are renters with only 28% homeowners. The Council of Latino Agencies released a reported titled *The State of Latinos in the District of Columbia* in 2002. This report states that "72% of Latinos rent in the District and a good number of them are living in the Columbia Heights neighborhood; one of the most culturally diverse neighborhoods

Protecting the existence of housing, that is affordable to the majority of its residents, is a great challenge for a city that until the passing of the Housing Act of 2001 had not had a comprehensive housing policy. The residents' long term affordable housing needs overwhelm government resources and for this reason the responsibility of providing affordable housing for District residents has frequently fallen upon the shoulders of nonprofit and community based organizations.

The map shows the District of Columbia and the City of Washington. The District of Columbia is labeled in the center, and the City of Washington is labeled below it. The map displays a grid of streets, including major thoroughfares like Upshur St NW, Taylor St NW, Shepherd St NW, Randolph St NW, Quincy St NW, Quebec Pl NW, Spring Rd NW, Perry Pl NW, Parkwood Pl NW, Otis Pl NW, Oak St NW, Golden St NW, Spring Pl NW, Holmead Pl NW, 11th St NW, 9th St NW, Princeton Pl NW, and Otis Pl NW. The map also shows the Potomac River to the south and the Chesapeake Bay to the east. The map is divided into sections by a grid of streets, with the District of Columbia and the City of Washington labeled. The map is oriented with North at the top.

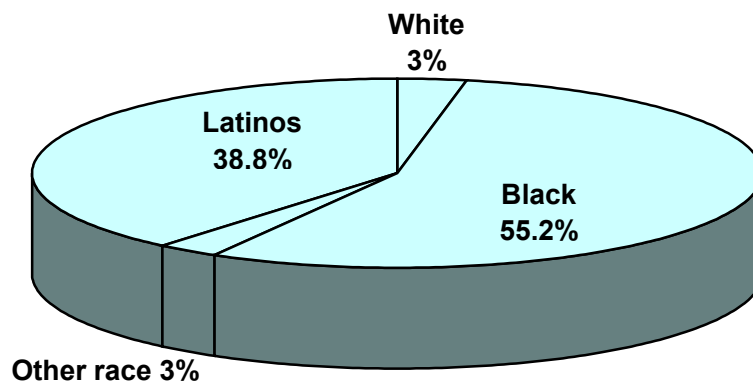
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II. Problem Identification

1. Problem Statement

In the 1960s, the District of Columbia lost residents to the suburbs due, among other things, to the end of segregated communities and the decrease in job opportunities. Forty years later entire neighborhoods are being gentrified because the DC government is revitalizing a number of neighborhoods including Columbia Heights to accommodate affluent new residents who are moving back to the city to live closer to work. This new situation makes building owners and real estate agents offer their buildings and houses for higher prices, displacing, in the process, long time residents who are primarily low and mid-income families. These families, who are primary black and Latinos, are being pushed out of their neighborhoods without any opportunity to benefit from the economic boom.

**Race and Ethnicity - 2000 Census Tract 25.02
Columbia Heights Neighborhood - Washington DC**



This unjust situation is generating frustration and dissatisfactions not only among community leaders but also among long time residents and other stakeholders in these gentrifying areas. Another critical issue is the level of poverty in the District of Columbia. According to the US Department of Commerce in its publication *Poverty in the United States 2000* (2001) 17.3% of the District of Columbia population is in poverty. In 2000, a family of four people with an annual income of less than \$17,463 was considered by the US government to be poor. Based on this publication we can estimate that 94,648 people in the district are high risk of being displaced from their communities to other areas less developed in the District or outside the District limits to Maryland and Virginia.

If quality affordable housing is not created in the District of Columbia, thousands of families will be displaced out of the District. This situation of displacement is not what the city community leaders and long time residents have envisioned for the future of the Nation's capital in the 21st century.

2. Project target community

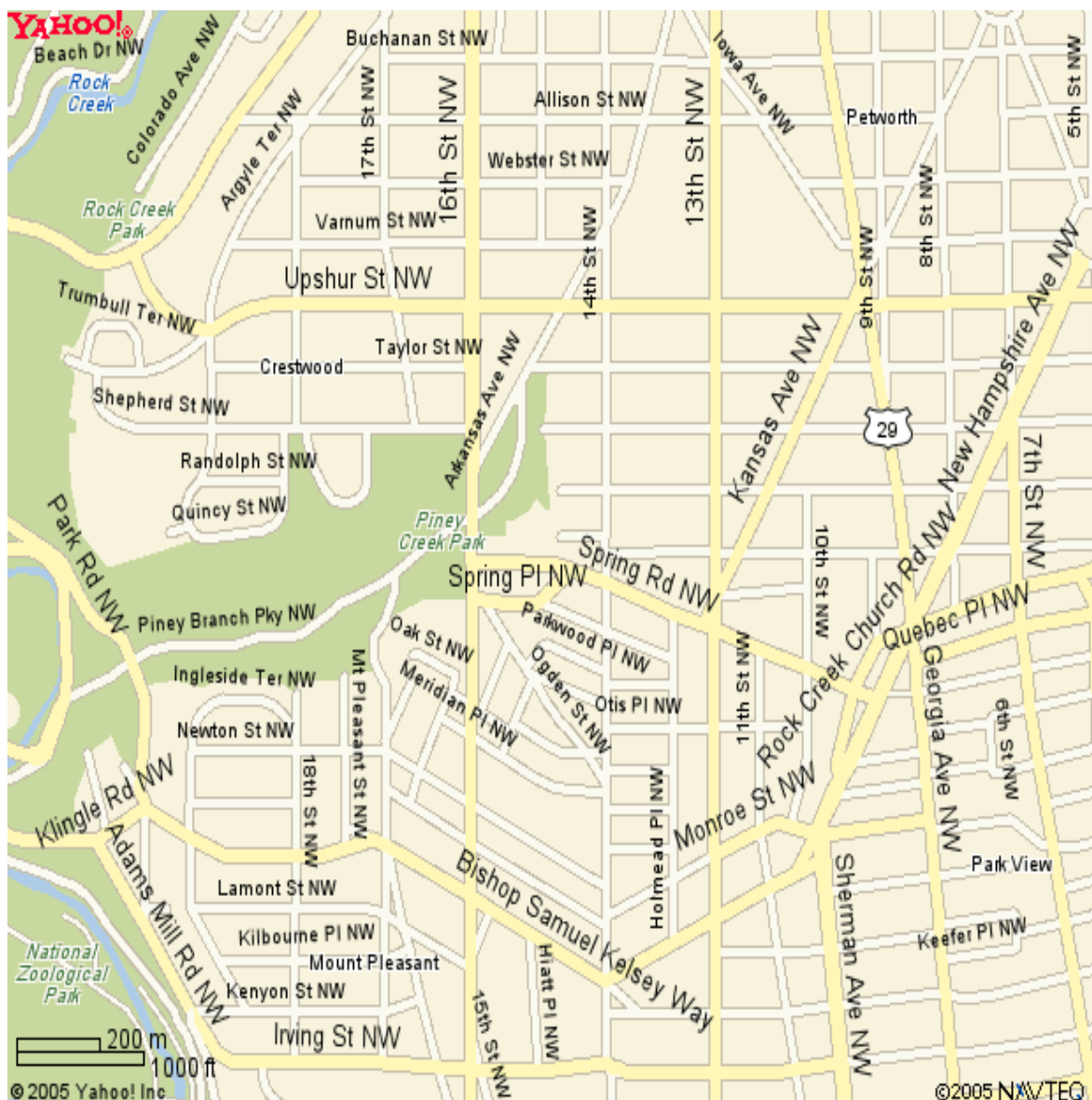
Columbia Heights Neighborhood - Washington, DC

The 1441 Spring Road NW Affordable Housing Project is located in the Columbia Heights neighborhood in the Northwest part of the District of Columbia. This project is located in Cluster 2 of the District of Columbia Strategic Neighborhood Action Plan (SNAP). This Cluster is composed of the Mount Pleasant Neighborhood, Columbia

Heights, Pleasant Plains, and Park View (Neighborhood Cluster 2. District of Columbia Strategic Neighborhood Action Plan, 2002). SNAP states that affordable housing is the number one priority for this cluster.

This project is defined as a tenant purchase project that will provide affordable housing to thirteen residents in this multicultural neighborhood. All the tenants in the building qualify as first time homeowners.

Map: 1441 Spring Road, NW, Washington, DC (Yahoo, Inc 2004)



3. Project Goals in term of CED

The project's primary goal is to minimize the number of low and mid – income homeowners from being displaced in gentrifying areas of the District of Columbia. We want to assure the creation of affordable housing for thirteen tenants in the 1400 block of the Columbia Heights Neighborhood. A three-story building will be newly renovated in 18 months. Tenants from the building will have the first right to purchase.

4. Project Objectives

Objective 1: Manna Inc will secure \$ 2,1 million dollars from at least three sources (Local Initiative Support Collaborative, private banks, and Manna Inc) by December 2005.

Objective 2: Four tenants will complete Homebuyer Club and qualify for mortgages by April 2006.

Objective 3: Renovate a three-story building in the Columbia Heights Neighborhood by October 2006.

III. Project Design

1. Review of the Literature

To put together this project, there was a review of other similar projects that the host organization, Manna Inc, has successfully completed in the past. Manna Inc has twenty years of experience in producing affordable housing for low and mid-income

families in the District of Columbia. Most of the information about the host organizations was taken from Manna's website that is updated regularly.

Another reference for this project was the *Housing in the Nation's Capital*, report published by Fannie Mae Foundation in conjunction with The Urban Institute. The report provides information on "policy makers, housing professionals, and the public at large with a rich, textured portrait of the housing condition in the District of Columbia" and the Mount Pleasant neighborhood as well.

2. Program

Working under the auspices of Manna Inc, funding will be raised through foundations, private financial institutions, and city government agencies to develop a three-story vacant building. Manna Inc has an active affordable housing program that will work with members of the 1441 Fernwood Tenants' Association and other members of the Homebuyers Club as well as any other low or mid-income family who meet the requirements of the project. Manna Mortgage Corporation, a subsidiary of Manna Inc, will prepare these individuals and families to pre-qualify them for their mortgages after they have completed an individual mortgage readiness program. Tenants and other potential homeowners will also meet regularly with various Manna staff to secure support for the project within the community, among elected and city officials and other funding sources. Tenants will participate in training sessions for capacity building in pre and post purchase. This project will be finished by December 2006.

3. Participants

For this particular affordable housing project four tenants from The 1441 Fernwood Tenants' Association and nine other potential first time homeowners in the District of Columbia will benefit from the thirteen newly renovated units in the Columbia Heights Neighborhood. The 1441 Fernwood Tenants' Association was created with the purpose of exercising their tenants' first right to purchase. After the Tenants Association bought the building, they transfer the property to Manna Inc. The tenants' first right to purchase law in the District of Columbia gives tenants the right to buy their properties together and their units individually when they are organized as a tenants association. Manna Inc guaranteed these four tenants insiders' prices much lower than the current market rate. This strategy will secure affordable homeownership to these low-income families and the opportunity of creating wealth for themselves and their families.

4. Community role

While members of the 1441 Fernwood Street Tenants Association participate in getting support in favor of the project, they also attend some project meetings with Team Manna, cooperate to qualify for a mortgage and buying units. They also are going to be working with other stakeholders. These stakeholders, members of the community, will also help to secure support and financing for renovating the building.

Name of stakeholder group/organization	Project discussed with this group/organization	What is their opinion of the project & its goals?	What is their opinion of the project?
Manna Inc	Manna's project team has initiated an internal feasibility	The team is optimistic about its goal of providing affordable	Team Manna is confident that the project will reach its

	analysis of the project.	housing in gentrifying areas of DC for tenants and low and mid-income families.	goal.
YARG (Youth Action Research Group)	Youth member of YARG met with Manna to discuss details of their portion of the project	They are excited in being part of the project. They can see the importance of homeownership for low-income families	Members of YARG know of Manna's commitment to affordable housing and believe in the project.
DHCD (Department of Housing and Community Development)	DHCD was brief by Manna about this project on January 2005	They support affordable housing projects in DC by providing pre-development funds.	They provided seed monies for predevelopment.
LISC (Local Initiative Support Corporation)	LISC has good knowledge of the project.	Tenants purchase project is one their priority in DC.	LISC will provide funding for acquisition of the property
Manna Mortgage Corporation	The organization is working with Manna's team in helping the tenants to become homeowners.	Organization supports Manna's project and believes that the project will be successful.	They have a positive opinion about the project and will help future homeowners to qualify for mortgages.
Columbia Heights Advisory Neighborhood Commission	No official presentation of the project has been done to the commissioners but individually they have been informed.	They are happy to secure affordable housing for the neighborhood.	ANC commissioners in the neighborhood support affordable housing initiatives.
Council of Latino Agencies (CLA)	Organization has been briefed with some of the details of the Project.	They have been very supportive of the project and will advocate it.	Details of the project will be presented to them before the end of the year.
Bank of America	Development Pro-forma was given to loan officer.	Bank of America has partnered with Manna in other projects	They provided funding for renovation of the building.
Lenders	Tenants will choose lenders of their preference.	Manna will share information of the project according to housing laws in the District of Columbia	Lenders have not been informed of the project yet with the exception of Manna Mortgage Corporation.

5. Host Organization

Manna Inc, a non-profit housing developer will be the host organization for the project. Manna Inc also has the capability to fight back and preserve quality affordable housing in this changing environment in the District of Columbia. Team Manna works to empower individuals, strengthen families, collaborate with stakeholders to rebuild neighborhoods, and foster sustainable communities in Washington, DC. Manna also creates quality affordable housing for lower income families, by offering support and training to families both before and after they purchase their homes and by engaging in community and economic development activities. Manna owns the property at 1441 Spring Road, NW Washington, DC.

Under limited supervision of the Department of Project Development, this project is being managed and coordinated by a project manager. This project manager is in charge of implementing and evaluating this project in cooperation with Team Manna.

6. Method

Manna Inc signed a development agreement with members of the 1441 Fernwood Tenants Association. In this agreement, Manna divides the project in three stages: pre-development feasibility, renovation of the building and selling of the new units. Manna organized a team to be in charge of the project. This team headed by the project manager is directly responsible of all stages of the project.

a) Team Manna

This team has representatives from the following Departments: Project Development, Office of Community Organizing, Construction Department, Property Management, Home Buyers Club, Manna Mortgage, and Marketing Department. The Executive Director of Manna is listed to participate in this committee at will.

b) Manna Mortgage Corporation

Two Manna Mortgage employees will monitor tenants' progress until they qualify for a mortgage. Tenants will participate in the organization's individual mortgage assessment program. Tenants will be given an initial status of their mortgage readiness with recommendations to overcome their individual issues.

c) Home Buyers Club

This program will train tenants to understand personal budgets and savings strategies. At the end of this program, tenants are expected to have a good understanding of homeownership. This program also has an individual development account (IDA) component that will help them secure monies for closing costs on their mortgages.

d) Marketing

Manna's marketing team will work with tenants to buy building units once they have qualified for individual mortgages. All four tenants in the building are expected to buy

their units at the end of the renovation stage. Marketing also will be responsible for selling the other eight vacant units to first time homeowners and mid-income families.

e) Community Organizing

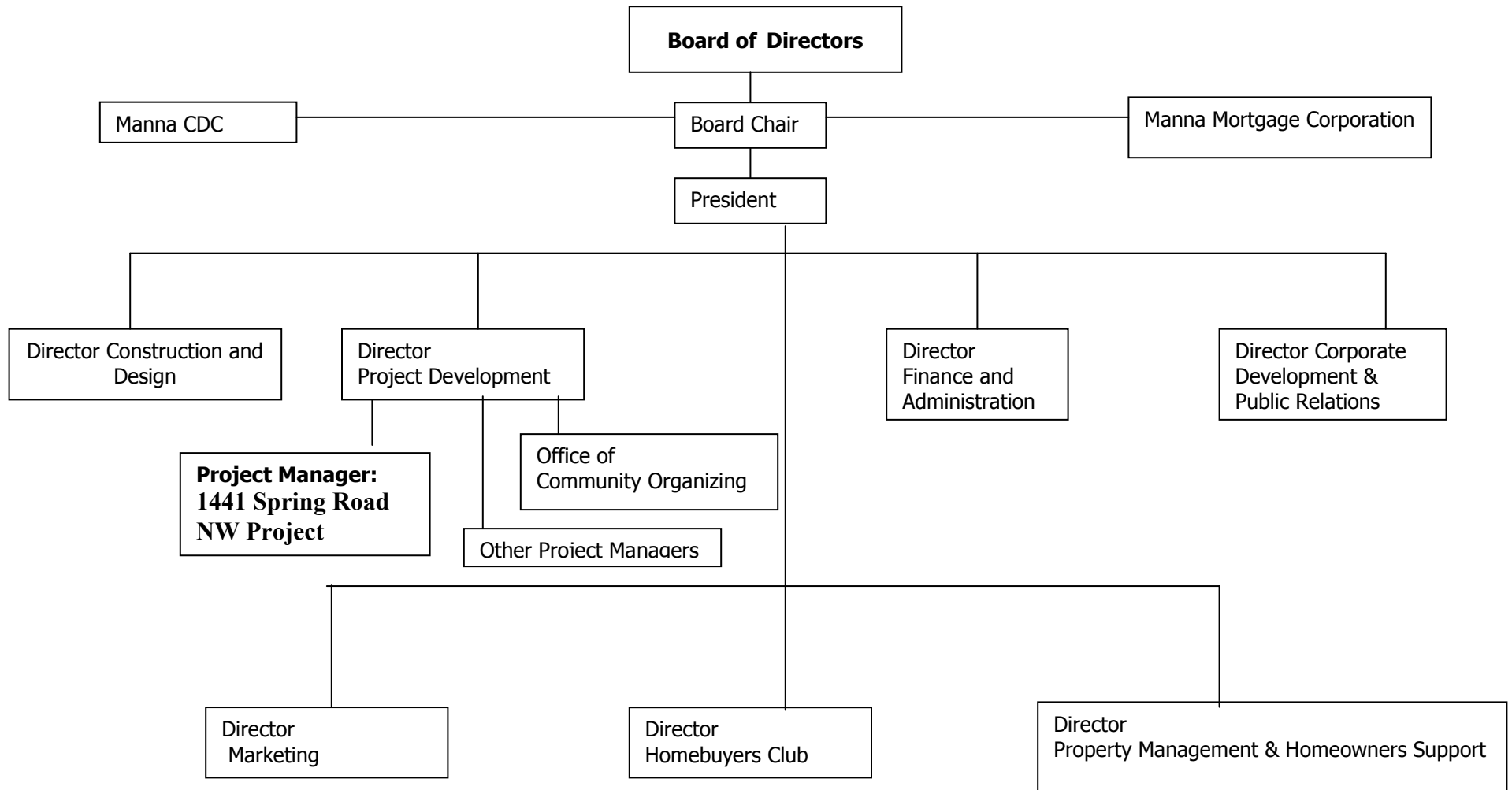
Manna's community organizing team will train tenants in capacity building to strengthen their association and reach out to other stakeholders. This office will also coordinate the post purchase program to strengthen the new homeowners' capacity to keep a healthy condo association. Manna developed a community informational booklet for new owners; this booklet has information about resources in the neighborhood such school locations, community based organizations and elected officials.

f) Property Management

Manna Inc also has a property Management project for affordable housing that provides management services to a building with small number of units. Keeping this building in good condition is crucial to keeping affordable housing in the District of Columbia.

In the following page, one can see Manna's organizational chart where the Project Manager of this project is highlighted. The board of Manna updated this chart at the end of 2005.

Manna's Organizational Chart



7. Products and outputs

a) Product

This project will generate thirteen affordable housing units for new homeowners in the Columbia Heights neighborhood; this project will help thirteen low and mid-income families to become owners in the District of Columbia. This project will also increase the affordable housing stock in the District of Columbia by thirteen more units.

b) Outputs

The project outputs are based on the following:

- Development and renovation a three-story building with thirteen units.
- Training of low and mid-income tenants and residents of the District of Columbia on pre- purchase issues.
- Individual mortgage readiness program.
- Homebuyers Club (HBC).
- Tenants actively participating in the development process.
- Training new homeowners on post purchase capacity building.

IV. Project Implementation

1. Implementation plan

The proposed timeline of the project started in January 2005 and will end December 2006.

Year 1 (2005):

- January: Manna met with members of TA. Timeline agreed.
- February: TA signed development contract with Manna. Four tenants started attending HBC.
- February: Met with Stakeholders in the Community to gain support.
- March: Tenants met individually with Manna Mortgage Corp - Mortgage readiness.
- March: Completed final architectural drawings and construction budgets.
- April: Submitted application to the Department of Housing and Community Development. Tenants attended Manna Leadership Summit.
- May: Met with members of the TA over timeline and the development budget. Tenants started pre-qualifying for their mortgages.
- June: Met with Stakeholders about the progress on the project. Manna Inc with the help of the tenants bought the property for \$ 710,000 dollars. LISC provided funding to purchase the property.
- July: Construction Dept. started filing with DCRA for renovation of the building.
- September: Tenants started pre-purchase training – Group I. Four Tenants signed their reservation agreement.
- October: Closed on construction loans is projected at the end of the December.
- November: Construction loans secured with Bank of America. Real estate Lawyer starts the documents to seal the loan. The Marketing Department updated the list of potential buyers.

December: Phase one of construction started. One tenant moved from Unit 203 to Unit 101. All tenants are on one tier of the building to allow the other tier for renovation. Basement will be renovated in Phase two.

NOTE: From December 2005 to September 2006 Manna's Construction Department will be doing the construction part of the project. By this time, members of the tenants association will have already signed the reservation agreements of their future units and will only be waiting for construction to end so they can move into their new units. During this period of time, the Marketing Department will be signing sales agreements with nine other future homeowners in the project. There will be monthly reports from these two Departments to the Project Manager and Manna's Team about their progress.

Year 2 (2006):

January: Demolition of several units starting in the second week of the month.

February: Demolition continues Tenants met with Team Manna about temporary relocation issues.

March: Hiring process of property Management Company for the building

April: Phase one is completed the renovation of six units. Tenants moved to tier 1. All four tenants will be moving into renovated units.

May: Phase two of the construction process starts. The renovation of the basement and seven other units are part of this phase.

September: Tenants start purchasing their units.

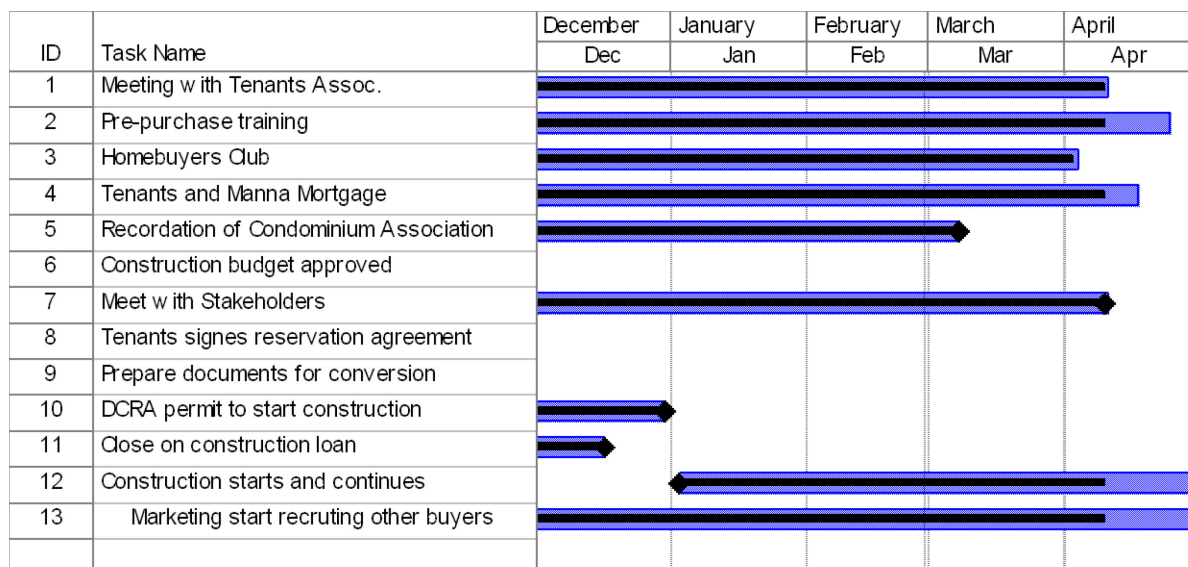
October: Construction ends. Open house & ribbon cutting ceremony. Move in.

November: First meeting of the Condominium association.

December: Last new homeowners move in. Condo owners training starts – Group II

Gantt Chart:

The following is the Gantt chart of the project showing in detail the timeline and the numerous tasks needed to be developed in the project.



2. Staffing Pattern

Manna Inc has forty-five full time employees working on the project at any given point. These employees are part of the seven different departments of Manna Inc (see organizations' chart in page 16). Manna also organized a team for the project with one official representative from the seven departments of Manna to be a part this project.

I was selected to be the project manager. A project manager at Manna is responsible of the following items:

- a) Manage, coordinate, and facilitate multiple aspects of the project.
- b) Provide strategic, advice and consultation on the design, implementation, monitoring, and evaluation of the project.
- c) Oversee the priorities of the project in areas of project development and others such as mortgage readiness, financial training, tenant organizing, and community building. (Project Manager Job description – see appendix 1)

3. Budget.

The project manager presented initial draft of the budget to Team Manna. After the initial draft got reviewed by each Manna's department,, Team Manna presented the budget to members of the Tenants Association. Members of the Tenants Association made minor recommendations on the budget before Team Manna presented to the President of Manna and the board of the organization. Once the budget got approved, Team Manna took control of the development process.

What follows is the final version of the budget with the expenditure pro-forma. This budget was updated on December 5, 2005 as a final review before budget was resent to Bank of America. (See next page)

		ALL NUMBERS INTO		TOTAL													
		THOUSANDS		BUDGET													
					Jun05	Jul05	Aug05	Sep05	Oct05	Nov05	Dec05	Jan06	Feb06	Mar06	Apr06		
PROJECT SOURCES																	
Manna Inc				\$204	\$ 12	\$ 6	\$ 12	\$ 26	\$ 6	\$ 20	\$ 13	\$ 7	\$ 3	\$ 14	\$ 3		
LISC				\$733	\$ 733												
Bank of America				\$1,188						\$ 260	\$ 58	\$ 83	\$ 65				
TOTAL SOURCES				\$2,125	\$ 745	\$ 6	\$ 12	\$ 26	\$ 6	\$ 280	\$ 71	\$ 90	\$ 68	\$ 73	\$ 144		
TOTAL PROJECT EXPENSES																	
Acquisition Purchase Price				\$710	\$ 710												
HARD COSTS																	
Construction				\$683						\$ 200	\$ 48	\$ 48	\$ 48	\$ 48	\$ 48		
Contingency				\$102								\$ 25			\$ 25		
Total Hard Costs				\$785													
SOFT COSTS																	
Design/Engineering				\$12			\$ 6				\$ 6						
Appraisal - Acquisition and Construction				\$8	\$ 8												
Condo Survey and	Recordation			\$3									\$ 3				
Condo Fees - Absorption Period				\$9										\$ 1	\$ 1		
Lender's and other Legal fees				\$19	\$ 8	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1		
Environmental Testing				\$13				\$ 13									
Settlement, Title & Recording				\$42	\$ 10					\$ 32							
Taxes During Const & Transfer Tax				\$30	\$ 7						\$ 2				\$ 12		
Insurance (Risk, general liability and property)				\$15						\$ 15							
Audit				\$6													
Construction Interest				\$116	\$ 1	\$ 3	\$ 3	\$ 3	\$ 3	\$ 5	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6		
Interest Carry - Absorption Period				\$35													
Lender Inspection				\$6				\$ 6									
Points				\$25						\$ 25							
Operating Subsidy during construction				\$60							\$ 5	\$ 5	\$ 5	\$ 5	\$ 5		
Project Development & General Administrative				\$52	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3		
Marketing, Advertising and Merchandising				\$27							\$ 1	\$ 3		\$ 10			
Settlement Costs, owners training & operating reserve				\$15											\$ 3		
Warranty Repair				\$3											\$ 1		
Soft Cost Contingency				\$15									\$ 2		\$ 2		
Total Soft Costs				\$510													
Developer's Fee				\$120											\$ 37		
TOTAL DEVELOPMENT ESPENSES				\$2,126	\$ 745	\$ 6	\$ 12	\$ 26	\$ 6	\$ 280	\$ 71	\$ 90	\$ 68	\$ 73	\$ 144		

V. Monitoring and Evaluation

1. Logic Model

Objectives	Inputs	Activities	Outputs	Utility	Short Term Outcome	Intermediate Outcome	Long-term Outcome
1.) Securing \$ 2.1 million dollars for acquisition and renovation of the building from government and private sources by November 2005	<ul style="list-style-type: none"> -Funds for Acquisition of the property from Local Initiative Support Collaborative. - Construction loans from Bank of America. - Funds for predevelopment and Acquisition Costs from the DC Department of Housing and Community Development (DHCD) 	<ul style="list-style-type: none"> • Filed DHCD application requesting pre development and acquisition money. • Send letter of Interest to the owner for buying the property. • Initial contacts with Bank of America for securing a construction loan. 	<ul style="list-style-type: none"> • Acquisition of the property. • Securing funding for soft and hard costs. • Finishing the project in the time frame established. 	<ul style="list-style-type: none"> • DHCD application forms • Manna's development budget pro-forma. • Banks forms and applications. 	<ul style="list-style-type: none"> • Tenants buy the property from the owner. <p>Tenants secured financing for renovation of the building.</p>	<p>Tenant purchasing their units at the end of renovation.</p> <p>13 low-income families getting out of poverty.</p>	<p>Increase low and mid-income families equity.</p>
2.) Training tenants in the homebuyers Club – Pre and Post Purchase training by November of 2006.	<ul style="list-style-type: none"> - Homebuyer Club (HBC) Director. - Fieldtrips - Leadership Summits - Credit counseling - Mortgage pre-approval from Manna Mortgage Corp. - Capacity building Program. 	<ul style="list-style-type: none"> • Education and training opportunities coordinated • Client needs assessments for production, products and markets, equipment and capital needs. • Individualized technical assistance • Individual mortgage assessment. • Monthly meeting with the tenants during project period. 	<ul style="list-style-type: none"> • Tenants with sufficient saving for closing costs. • Good credit history. • Tenants knowledge about coming homeowners • Tenants ready to assume their mortgage loans with in the timeline of the project. • Good understanding of the development process 	<ul style="list-style-type: none"> • HBC attendance list of the Tenants. • Manna Mortgage appointment record. • Attendance list of the Tenants Association. • Client intake forms • Company assessment tool • Service delivery logs Client follow-up survey. 	<ul style="list-style-type: none"> • Tenants fixing and improving credit report. • Secure individually their respective mortgages. • Have a good understanding of importance of having a personal and family budget. <p>Neighbors who cares and are engaged in community affairs.</p>	<ul style="list-style-type: none"> • Tenants keeping good credit record. • Tenants building up in the home equity. 	<p>Increase the number of Latino homeowners.</p>
3.) Renovate a three – story building in the Columbia Heights Neighborhood by October 2006	<ul style="list-style-type: none"> - Project Manager - Manna Development Team - Manna Administrative services including all office supplies. - Property Manager and Marketing Specialists - Construction Department - Lawyers 	<ul style="list-style-type: none"> • Assessment of the building • Development of the budget pro-forma. • Prepare an affordability analysis. • Apply for construction permits • Prepare development agreements for the tenants Transfer ownership 	<ul style="list-style-type: none"> • Report on level of renovation needed • Finalized the project budget • Report on tenants affordability • Get permit for renovating of the building. Sign development agreement with the Tenants Association. 	<ul style="list-style-type: none"> • Manna's pre-development forms. • Manna's client intake Application • Development agreement. Transfer agreement. 	<ul style="list-style-type: none"> • Tenants signing development agreement. • Tenants signing transfer of property to Manna • Tenants move to tier 2 so construction can be done in tier 1. 	<ul style="list-style-type: none"> • Homeowners Knowledge of how to manage a Condo Association. • Increase number of homeowners in the neighborhood 	<p>Increased number of low income and mid-income tenants trained in homeownership.</p> <p>Increased the number of tenants becoming leaders in the community they live.</p> <p>More homeowners lobbying for affordable housing in DC.</p> <p>Homeowners live in a renovated building</p>

2. Performance Indicators

Manna team evaluates and monitors the success of this project by using the following indicators:

- Number of tenants completing Manna Mortgage's individual mortgage readiness program. This program can be measured by the number of tenants qualify for their mortgages.
- Number of tenant's participating in meetings with Manna Inc and other stakeholders.
- Number of tenants attending training sessions in the Homebuyers Club.
- Number of tenants buying a unit in the building and becoming homeowners.

3. Management Information System.

Information related to this project is collected through Manna's initial application. We also collect information using intake pro-forma and attendance list. Other ways of information gathering are: Manna Mortgage Corporation's personal information questionnaire and individual mortgage assessment data, Manna's marketing department client profiles, and the Office of Community Organizing attendance sheets of meetings with members of the tenants association.

Each department of Manna will issue a monthly report of the progress of the tenants and the project to Manna's team and/or the Project Manager.

From all of these sources of information tenants and other future homeowners in the 1441 Spring Road NW Project who will determine their approval for mortgages and

have completed the necessary steps in the process of becoming homeowners. These sources of information are been used for evaluation purposes as well.

3. Evaluation Plan & Reporting

Manna's team is responsible for monitoring and evaluating the project in an ongoing basis. There is a monthly team meeting scheduled for this purpose and members of the team bring their reports to the team. These reports are being shared with the tenants for empowerment and capacity building purposes as well as securing the participation of the tenants in the evaluation of the project.

VI. Sustainability Plan

1. Field Observation:

Since the project started we have been visiting the site for several reasons. Some of those reasons are collecting building measurements, assessment of the property, appraisal of the property, and assessment of a park in the back of the property that tenants wants to upgrade in cooperation with the neighbors and other stake holders in the neighborhood. Architects from the design department visited the building to collect information for preparing plates and plans. The office of Community organizing facilitated numerous meetings with other stakeholders including a presentation of the project by the tenants at a DC Department of Housing and Community Development public hearing in Ward 4. All these field observations are important to effectively manage the project.

2. Sustainability Elements

It is becoming more and more difficult to produce affordable homeownership in the District of Columbia. In order for non-profit developers to keep producing affordable housing, Manna Inc is working with other stakeholders including the tenants from this project to make sure that the government of the District of Columbia continues to fully fund the Housing Production Trust Fund. There are approximately \$ 45 million dollars for the production of affordable housing already in this fund but more monies will be needed to meet the demand for affordable housing.

The Home Again Initiative, a housing program of the DC government, also provides some opportunities to buy vacant lots and buildings for renovation. This program needs to be re-structured and polished with the cooperation of stakeholders. Also the federal government needs to improve its Family Self Sufficient program so low income voucher recipients can utilize those vouchers more effectively for homeownership.

The 1441 Spring Road NW Affordable Housing Project will not be affected by any of these situations in the future since the tenants will become homeowner. When this project ends tenants in the building will secure affordable homeownership for themselves and their families.

3. Institutional Plan

Manna Inc will continue to provide assistance to tenants associations that are buying their buildings and are willing to become homeowners. In any tenant purchase

project, members of the Tenants Associations will have to authorize Manna Inc the type of project they want for them. The gentrification trend is affecting more and more areas of the District and low and mid-income families will need organizations like Manna to fight back this trend and overcome displacement.

VII. Conclusions and Recommendations:

Results:

When Manna Team and the tenants association met to evaluate the first phase of the project, we were able to come up with some positive conclusions and several recommendations on how to produce a successful tenants purchase project here in the District of Columbia.

Based on the short-term outcomes of the project we can affirm that the project is a success and that the main goal has been achieved. All four tenants that initially started the process are buying their units and becoming homeowners. Three of them successfully finished their homebuyers club training, fixed their bad credit and were able to secure loan mortgages for themselves and their families. Tenants also participated actively in the helping Manna secure the financing needed for the project. On last thing can be mentioned, as a positive outcome for Manna Inc is that at the end of this project, the organization will have in-house experience to continue to work in other tenant purchase projects.

Recommendations:

For Tenants at 1441 Spring Road NW: Becoming homeowners in a building that is being converted to a condominium association is a great responsibility for all tenants in the tenants association. Tenants are changing their status to homeowners. This new status requires sharing ownership of the common areas of the building, among other financial responsibilities. Thirteen new homeowners will have to work together in cooperation with a property manager. This property manager will manage the building for the new owners in keeping this building up to code and in good financial standing. The ultimate responsibility for the building will rest with the members of the condominium association, and as such, the new owners need to participate actively

For Manna Inc: Because of the need for affordable homeownership in the District of Columbia, Manna must continue to help tenant associations to buy their buildings and provide technical assistance. Manna is one of the few nonprofit organizations in the District of Columbia with experience, knowledge, and capacity to navigate the financial system and secure funding for tenant purchase projects. Manna has in-house construction and design capability that very few non-profit housing developers have in the District of Columbia.

For Tenants Association in Washington DC: The District has one of the strongest tenant purchase laws in the country. Once an owner of a rental housing building is selling the property, tenants have the first right to purchase. This is not an easy process, tenants have between 30 and 45 days to organize a tenants association, send a letter of interest to the landlord and build a development team to hire a lawyer and a

housing developer. Even though this first stage of the process can be hectic, tenants need to quickly organize to exercise their rights. The development process can take a couple years but the end result can be economically satisfactory for all stakeholders. If tenants do not exercise their first right to purchase, they will undoubtedly be displaced from their neighborhood.

For Other Housing Developers: With rental housing owners willing to take advantage of the economic boom in the District of Columbia, non-profit and for profit developers can benefit by helping tenants become homeowners. This project shows that tenant purchase projects are viable and can be financially satisfactory.

For Financial Institutions: Investing in tenant purchase projects in the District of Columbia as Bank of America and LISC are doing, is very beneficial to any financial institution. If any financial institution is willing to invest in affordable housing it is important that they get involved in the predevelopment phase. This approach can lower the risk in tenant purchase projects. Non-profits and for profits are already investing in a good number of tenant purchase projects in the Washington DC and showing other investors the economic opportunity to both tenants and financial institutions alike. These investments can be done for acquisition as well as for construction loans.

For City Officials: The government of the District of Columbia has been using the Housing Production Trust Fund and Community Development Block Grant, also known as CDBG, to help in tenant purchase projects with great success. There is a need for more monies for technical assistance for organizing tenants and predevelopment. We are recommending to the DC Department of Housing and Community Development for a

more expeditious process when tenants associations ask for initial financing for acquisition and for renovation of their buildings. Expediting and making the process clear, concise, and fair is very important for tenants and other stakeholders as well.

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IX. Appendices

1. Appendix 1

Job Description: Project Manager

Organization Name: Manna Inc

Contact Information: Rozanne Look

Title of Job: Project Manager (PM)

Type of Position: Full Time

Salary: Starting salary \$ 35,700

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Organization

Manna, Inc. is a non-profit housing developer. Manna will buy vacant property or help tenants buy their buildings, renovate them and sell them to first-time homebuyers and other low and mid-income families in gentrifying areas in the District of Columbia.

Description of the Position

The PM is to coordinate the development of affordable housing from the time the property is acquire to the time new residents occupancy their new units or homes. He or she reports to the Director of Project Development. Principal duties include project financing, and coordinating the process of acquisition, construction and marketing for assigned projects.

Specific Duties:

- Analyzing financial feasibility of real estate acquisitions;

- Preparing development pro-forma and loan packages;
- Coordinating the project development process involving appraisers, architects, staff construction managers, attorneys, lenders, marketing staff, joint venture partners, accounting staff, and others; and
- Project administration, including preparing construction draws and monitoring development budgets.

Qualifications

- Experience in housing and community development, preferably in DC;
- Ability to manage, coordinate, and facilitate project development process;
- Good interpersonal skills;
- Good oral and written communication skills;
- Familiarity with real estate transactions; and
- Demonstrated initiative and problem-solving skills

Appendix 2

Acquisition sources and sales proceeds

ACQUISITION & RENOVATION SOURCES (in thousands of dollars)

LISC	\$733,287
Bank of America	\$1,187,611
Manna	\$204,268
TOTAL	\$2,125,166

Net Sales Proceeds	\$2,129,000
Less TDC	(\$2,125,166)
Gain/(Loss)	\$3,834

Effective Sales Prices per unit

Accessible Unit	\$110,000
Insider	\$103,000
Insider	\$130,000
Outsider	\$190,000
Outsider	\$210,000

<u>Total Units</u>	
1-Bedroom	1
3-Bedroom	3
2-Bedroom	1
2-Bedroom	5
3-Bedroom	3

\$110,000
\$309,000
\$130,000
\$950,000
\$630,000