



# Ownership and Asset Building in Housing Credit Properties

*Key Takeaways from the Stewards of Affordable Housing for the Future Member Portfolio*

May 2022

Andrea R. Ponsor and  
Justin M. Edwards



# Table of Contents

|  |    |
|--|----|
| I. Introduction.....   | 3  |
| II. Structures that Build Wealth and Decision-Making Power for Residents.....  | 4  |
| A. Structures with Resident Associations in the Ownership Entity.....          | 5  |
| B. Structures without Residents or Resident Associations in the Ownership..... | 7  |
| C. Structures with Lease-to-Own Homeownership and Cooperative Models.....      | 9  |
| III. Key Takeaways.....  | 12 |
| Bibliography.....  | 15 |
| Table of Interviews.....   | 16 |

## About SAHF

[Stewards of Affordable Housing for the Future \(SAHF\)](#) is a nonprofit collaborative of 12 exemplary multi-state nonprofit affordable housing providers. Launched in 2003, SAHF and its members are driven by a shared mission of advancing the creation and preservation of healthy, sustainable, affordable homes that foster equity, opportunity, and wellness for residents. SAHF draws on the experience of its members' portfolio of more than 149,000 affordable rental homes to inform its policy and thought leadership work. SAHF members are known for both their wide expertise with complex financing structures and their deep local relationships in the communities they serve. Our members share a commitment to embedding resident centered approaches in their work. SAHF members provide resident services coordination in more than half of their properties and are active in advancing meaningful opportunities for residents to build wealth such as [HUD's Family Self-Sufficiency Program](#) and credit building opportunities by reporting on-time rent payments.

This summary was completed as a part of a larger project exploring opportunities for residents of affordable housing to build power and wealth generously supported by the [Robert Wood Johnson Foundation](#). The views expressed here do not necessarily reflect the views of the Foundation.

# I. Introduction

The affordability of home and the opportunity to build wealth through housing choices are key components of economic stability, a significant determinant of health and well-being. Homeownership is the primary source of stability and wealth accumulation for millions of households; however, generations of racist and discriminatory policies have created barriers to homeownership for people of color and people of limited economic means (Urban Institute). While affordable multifamily rental housing programs are critical to providing quality and stable homes, they often fail to provide opportunities for residents to hold agency and power. Additionally, these programs seldomly create pathways for resident ownership or wealth building through real estate.

The Low-Income Housing Tax Credit (LIHTC or Housing Credit), the nation's largest and most important federal affordable housing production tool, has been used to finance approximately 40,000 properties that over two million households call home. While the Housing Credit helps attract private investment to affordable rental homes, the complex structures required to facilitate the tax benefit often preclude meaningful opportunities for tenant or community ownership. The Housing Credit benefits to and requirements of the investor end 15 years after the property is "placed in service." The investor often exits the partnership that owns the property at this time, but the property must remain affordable to people with low incomes for at least an additional 15 years. This "Year 15" window when investors typically exit and the years that follow, known as the extended compliance period, create a potential opportunity for developers to execute strategies to help residents build wealth and take an ownership stake in their homes and community.

The Stewards of Affordable Housing for the Future (SAHF) member portfolio includes approximately 2,000 properties around the country, 1,070 of which have been financed with the Housing Credit. We conducted a scan of the SAHF member portfolio to identify models that successfully introduced some form of resident ownership or control, or a structure for residents to build wealth, with a particular focus on Housing Credit properties in their extended compliance period. While not exhaustive, this scan identified examples of ownership and transaction structures that share power or financial benefits with residents and resident-led organizations. From these examples, we have identified key considerations for the design, implementation, and scaling of structures that can build wealth and power in the Housing Credit portfolio – which we have outlined in this document.

## II. Structures that Build Wealth and Decision-Making Power for Residents

Three broad categories of structures which provide varying opportunities for residents to derive direct or indirect financial benefits are found within the SAHF member portfolio:

- A. Structures with resident associations in the ownership entity;
- B. Structures without residents or resident associations in the ownership; and
- C. Structures with lease-to-own homeownership and cooperative "coop" models.

Notably, although there are limited examples of Housing Credit transactions that were planned from initial structuring to convert to homeownership or coop structures after Year 15, we did not identify any structures that were designed after initial closing and created individual "household" ownership interest.

**Figure 1: Ownership/Wealth Building Structure Enabling Conditions**

|   |  | OWNERSHIP/WEALTH BUILDING STRUCTURES   |  |  |
|---|--|--|--|--|
|   |  | Financial Benefit<br>WITHOUT<br>Residents/Association in<br>Ownership Entity | Lease to<br>Own/Cooperative<br>Ownership<br>Structures | Residents/Association in<br>the Ownership Entity |
| BENEFITS  |  |  | Resident Control (Formalized)                          |  |
|   |  | Long Term Affordability  |  |  |
|   |  | Direct Financial Benefit to Resident   |  |  |
| ENABLING CONDITIONS   | State or local law or policies to catalyze and incentivize structure (funding, land grants, and other resources) | X  | X  | X  |
|   | Rights of First Refusal (TOPA)   | X  | X  |  |
|   | Willing and experienced development partner  | X  | X  | X  |
|   | Well organized resident association  |  | X  |  |
|   | Established local partner (not developer) seasoned in working with residents                                     | X  | X  | X  |
|   | Adept legal counsel to advocate on behalf of the residents   |  |  | X  |
|   | Moderate-to-low housing cost market  |  | X  |  |
|   | Early and thorough planning for conversion and long-term maintenance/capital needs                               |  | X  |  |
|   | Soft debt/funding sources for residents/resident groups  |  | X  | X  |
|   | Resident buy-in and engagement   | X  | X  | X  |
| Debt (including soft debt) repayment agreements documented upfront in contemplation of future sales |  | X  |  |  |

## A. Structures with Resident Associations in the Ownership Entity

The most common structure for introducing resident ownership or control at properties, particularly after Year 15, was by introducing a resident association into the ownership entity. In most cases identified in our scan, this was facilitated by a tenant right of first refusal under local law or other regulatory requirement - though at least one example of voluntary inclusion emerged. Among these examples, the benefits of ownership typically remain with the resident association for the benefit of all residents rather than flowing directly to individual resident households.

### **Washington, D.C.'s Tenant Opportunity to Purchase Act**

Several examples of ownership models within the SAHF network were found in Washington, D.C. "the District of Columbia," due in large part to the presence of a statutory Tenant Opportunity to Purchase Act "TOPA." Under TOPA, before a residential building can be sold, tenants must be offered the first opportunity to buy the building from its current owner, or a Right of First Refusal "ROFR." TOPA requires the current owner to provide the tenants and the District with a Notice of Transfer, after which tenants, through a recognized tenant association, are granted a fixed amount of time to challenge the transfer and exercise their ROFR. Instead of purchasing the building itself, the tenant association can assign or sell its ownership rights to other groups. Tenant associations frequently assign their rights to developers who preserve the buildings for the benefit of residents. Using this right, a tenant association can negotiate better building conditions, limit rent increases or other benefits featured in the following examples.

### **A Partnership Between Developer and Resident Association - Mass Place**

A tenant right of first refusal can create a pathway for a resident association to exclusively own the property but may also be an opportunity for the resident organization to partner with a seasoned developer that can handle recapitalization of the property and ongoing asset management issues. At Mass Place Apartments in Northwest Washington, D.C., a Housing Credit-financed apartment community in a gentrified neighborhood, residents exercised their TOPA rights to acquire an ownership interest in the property and derive an indirect financial benefit. After the initial compliance period, the owner sought to transfer the property and the residents exercised their rights under TOPA to purchase the building. The resident association selected a SAHF member, and the association assigned its ownership rights to acquire the 160-unit property as part of a plan to conduct a \$6 million rehabilitation focused on improving building systems, energy efficiency, and property amenities. As a part of the negotiations, the resident association maintains 45% interest in the managing member of the entity that owns the property. When the recapitalization is complete, the resident association will be awarded 15% of the developer fee that will be placed into a trust to be used to fund resident services coordination at the property.



Additionally, as a member of the managing member, the resident association will participate in the cash flow waterfall and will receive additional payments when the property has positive cash flow. While this structure does not directly build wealth for individual resident households, the residents retain a meaningful voice at the property through an ownership interest and have access to services and resources derived from the property that will provide ongoing benefits.

### Transitioning to Resident Ownership - Meridian Manor

Meridian Manor Apartments, a 34-unit property in the District of Columbia, is an example of a two-step path to ownership by a resident association. In 2001, the property was sold, and the tenant association exercised its rights under TOPA - assigning the rights to a SAHF member developer who conducted a major rehabilitation financed with the Housing Credit. At that time, the resident association, through their counsel, negotiated to hold the right of first refusal under the Housing Credit program so that at Year 15 the association would have the opportunity to fully own the property. The property has now reached Year 15, the investor has exited, and the association will take ownership and benefit from all cash flow. The association has engaged the SAHF member to continue asset management duties on a contract basis. This two-step approach, while a far longer process, provides an opportunity for the resident association to develop capacity for ownership and a strong working relationship with a developer that can continue on a consultation basis long after the association assumes ownership. However, this structure does not provide direct cash payments or financial benefits to individual resident households.

### A Long-term Pathway to Resident Ownership through a Local Partner - Columbia Heights Village

Columbia Heights Village Apartments, in a rapidly gentrifying neighborhood of the District of Columbia, is a unique example of how a resident association can be incorporated into and benefit from an ownership entity. For many years, a local housing corporation has been involved with the property. When the property was acquired by a large developer in the early 2000s, a unique structure was developed under which the local housing corporation had an 11% interest in the ownership entity, but also had a right to purchase the interest of the developer after Year 15. At the same time, the resident association was given the right to purchase an interest in the ownership entity after Year 15. The rights of the local housing corporation and the resident association were linked and could only be exercised together. To facilitate the resident association's exercise of its rights, the association was given a percentage of the cash flow during the initial compliance period, which was held in an escrow account, exclusively for use in exercising the purchase right. By the end of the initial compliance period, the escrow had amassed approximately \$1 million.

To facilitate the acquisition of the ownership interests and recapitalization of the property, the local housing corporation selected a SAHF member with experience partner

with resident groups and local housing providers and agreed to assign a portion of the ownership interest it had the right to purchase to the SAHF member. After deep engagement with the new partner, the resident association and local housing corporation exercised their rights to acquire the property from the developer. In the resulting partnership, the SAHF member has a 50% ownership share, and both the local housing corporation and the resident association have 25% interests in the ownership entity. Since the transaction closed, the resident association and local housing corporation have participated in the cash flow, which in turn funds services and activities for residents. A recapitalization is now planned, and proceeds from that transaction will generate significant revenue for the resident association.

### **Right of First Refusal**

While local rights of first refusal such as the one created under TOPA are less common, the Housing Credit program has a right of first refusal "ROFR" that is a broadly available and vitally important tool for permanent affordability and potentially wealth and power building. The Housing Credit program offers tenants, a resident association, or a qualified nonprofit general partner a ROFR that can be used to obtain eventual ownership of the property at a minimum purchase price equivalent to the outstanding debt plus exit taxes. The provision allows residents or nonprofit general partners to gain ownership of Housing Credit properties as their investors exit after 15 years once the investor has claimed all Housing Credits and before the program's rent restrictions expire. The ROFR is only available if it is a part of the structure at the time of initial transaction closing. While the ROFR is most often used by nonprofits developers, the Housing Credit statute does make it available to residents and resident management associations.

## **B. Structures without Residents or Resident Associations in the Ownership**

The best examples of wealth building or financial benefits flowing directly to residents were found in structures where residents or the resident association were not in the ownership structure. In all of these examples, there was a local law or policy that catalyzed the negotiations that led to the transfer of power and benefits to community residents. It is also worth noting that these examples come from properties and communities where there is a recognized need for significant redevelopment.

### **Wealth Building for Residents through Developer Fee - Congress Heights**

Congress Heights Apartments in the District of Columbia was previously owned by a company that neglected the property resulting in sustained, gravely unsafe and unhealthy conditions. The property was ultimately placed into receivership, and, through litigation, the owner was forced to divest. The transfer of the property triggered TOPA rights and, although residents were relocated,

those that remain in the tenant association are in the process of exercising their TOPA rights. The association is in the process of assigning its ownership rights over to a SAHF member, who will demolish the substandard housing and redevelop the property - preserving the right of residents to return to the new site.

With the assistance of counsel, the resident association negotiated for a significant portion of the total developer fee in exchange for the assignment of its rights under TOPA. Half of the resident portion will be paid upon acquisition of the property, and the other half will be paid upon milestones in the redevelopment of the property as the developer fee is earned. The funds will be divided among the ten resident association member households that remained in the property at the time of the transaction. Legal counsel for the residents helped structure payments and provided guidance to help minimize income and asset eligibility implications for housing assistance, other public benefits, and overall tax liability. Congress Heights is a rare example of a transaction that provides significant one-time payments directly to tenants and demonstrates how that transaction can be structured to minimize tax impact and eligibility for other benefits. It's important to note, however, that the deplorable conditions and years of neglect at the property played a significant role in the negotiation of this payment and should be avoided, not replicated. This example also highlights the significant role adept legal counsel serves in advocating on behalf of the residents and the value a local policy like TOPA has in creating a mechanism for residents to determine the future of their home. Like other examples across the SAHF member portfolio, the creation of this structure was facilitated by local law but could be voluntarily replicated by willing owners.

### Informal Model of Resident Control Driven by Local Partner - Friendship Court

Friendship Court Apartment, a Housing Credit property in Charlottesville, Virginia, is an example of an informal model of resident control driven by the engagement of a local partner. Friendship Court is a 150-unit garden-style property two blocks from the Downtown Mall in Charlottesville. In 2002, a SAHF member acquired the property with a local partner as a co-general partner to conduct a renovation. In 2015, the City of Charlottesville defined the area around the property as a strategic planning area, and dedicated funds and attention toward promoting investment in the area. As part of the planning for the redevelopment of the property, the Friendship Court Advisory Committee was established.

In 2017, the local partner initiated an antiracist, inclusive, and collaborative approach to redevelopment planning. The Advisory Committee was restructured as a more representational body consisting of nine resident members elected by their neighbors and six members from the broader Charlottesville community. The Advisory Committee is deeply engaged in the planning and development of their future homes through a multi-phased redevelopment with the local partner and the SAHF member. While the Advisory Committee has no ownership stake in the property, it has a significant voice in decision making during redevelopment. This level of resident engagement has helped drive design decisions and pushed the redevelopment team to consider options for creating



homeownership opportunities and permanent community control through a community land trust in later phases. The increased engagement has resulted in higher expenditures for consultant and developer staff time for activities such as site planning, building design, community planning, and capacity building for the Advisory Committee members. However, this structure has proven to be a successful and rewarding model of resident engagement.

## C. Structures with Lease-to-Own Homeownership and Cooperative Models

Homeownership models in Housing Credit properties are uncommon, but where they exist, they are typically achieved through cooperative structures for larger multifamily buildings or rent-to-own structures for single family rentals or duplexes financed as part of a portfolio/development. We didn't find individual unit ownership or condominium structures in multifamily buildings, such as garden or tower style, in our scan of the SAHF member portfolio. We believe this is because condominium structures can be costly to create and because available legal and financing products make it difficult to sell one unit at-a-time as residents are ready while maintaining financing and a sustainable capital maintenance plan for the balance of the building. In a single family, townhouse, or duplex structure, this can be easier to achieve given the more discrete nature of the homes.

In many examples, these structures seemed to arise in response to pushes from the community or incentives from local government. State and local governments incentivize the creation of resident ownership opportunities by offering funding, land grants, and other resources to willing developers. This is the case at Garfield Greens, a major development in Chicago, where a SAHF member won a competition to develop an innovative, carbon-free, and resilient multi-phase project that includes constructing 31 limited equity cooperative units. This project is still in the planning phase. It is critical to note that even with incentives, these models are often not viable in high housing cost markets given the level of subsidy needed to create affordable monthly payments for residents. For example, a SAHF member that operates in California noted that the extremely high cost of acquiring or developing homes has been the most significant barrier to attempts at the lease-to-own model. Even when the state has offered bonds and funding to offset the high per unit cost of development, it was not enough to make projects feasible and affordable for residents. Further, the many layers of needed funding bring additional program requirements that can complicate and preclude opportunities for resident ownership.

SAHF's research did not uncover examples of successful homeownership conversion at deeply subsidized properties. While the Section 8 Program does offer limited pathways to homeownership, such as through Section 8 Homeownership Vouchers, this promise has not been fully realized. This is in part due to the overall complexity of the program, capacity challenges at public housing agencies "PHAs," and the general misalignment

between the program's regulations and the economics prevalent in most markets.

## Elements of Successful Ownership Conversions

In our discussions with developers and stakeholders involved in planning and executing ownership conversions, several key principles emerged.

### Soft Funding and the Equivalency Principle for Future Homeowners

Early and thorough planning for the conversion to homeownership is necessary for the long-term success of either model. One consideration for structuring these models is ensuring that the equivalency principle of resident cost burden is maintained, or that the resident's monthly cost after the conversion is no greater than their rent payments prior to conversion. In order to do this, developers must drive down costs - which can be achieved by minimizing the amount of hard debt on the property through use of grants, donated land, and other sources.

Significant and well documented partnerships with state or local governments at the time of initial development are also key to successful conversions of rental Housing Credit properties to home ownership models. The Cleveland Housing Network, which has developed a robust lease-to-purchase program for residents living in some of their Housing Credit properties, stressed the importance of documenting dedicated funding, in their case, through the HOME program, with upfront agreements on debt repayment or forgiveness structures upon conversion of the property to ownership. Without agreeing upfront to repayment terms applicable at Year 15, the owner is at risk of being asked to repay funds made available as soft loans, which creates greater financial demands on the property and makes it more challenging to offer affordable purchase prices to residents.

### Maintenance and Capital Needs Planning for the Long Term

Developers that we spoke with both in and outside the SAHF member network stressed the importance of planning differently for the maintenance and capital needs of properties that intended to undergo a homeownership conversion than other properties. While owners of Housing Credit properties strive to maintain the properties in excellent condition, they often assume that there will be a recapitalization to pay for major capital needs between year 15 and year 20. If a property is going to be converted to ownership, an outstanding list of capital needs can make the process more costly and complicated. Instead, developers seeking to facilitate a conversion should have more aggressive maintenance and replacement plans before Year 15 to try to minimize needs that must be addressed by the homeowner. Tax abatements are one tool for lowering operating costs during the initial compliance period, allowing owners to reinvest in properties so that capital needs are minimal at the point of sale.

### Early Communication, Education and Assistance for Prospective Homeowners

We also spoke to owners of properties that intended to convert to an ownership structure but were unable to do so. There were two common challenges where obstacles to conversion occurred:

- 1) Insufficient financial support from local government and philanthropic partners to help residents afford the purchase options; and
- 2) Insufficient interest from residents, usually because communication and resources weren't made available early enough.

Participants in successful conversions stressed that local governments contributed not only funds to help finance the construction or preservation of homes at the initial closing, but also made assistance available to homeowners at the point of sale "Year 15." Developers of properties that were unsuccessful in converting stressed that local governments with limited staff capacity or funds to help prospective homeowners contributed to challenges. At the same time, some developers noted that beginning conversations with the community about the purchase opportunity at year 13 or 14 was too late, and that five-years or longer of coaching and communications planning would be more effective.

### The Importance of Early and Thorough Planning for Conversion - Homes at the Glen

Homes at the Glen, a 56-unit SAHF member townhome community in Annapolis, Maryland, demonstrates the importance of adequately planning for the post-Year 15 future of a lease to own property as early as possible. Homes at the Glen was financed with Housing Credits and three loans that the owner planned to repay as all 56 homes were sold post-Year 15. However, two and a half years after the property entered its extended compliance period, only 12 of the 56 units have been sold. The slow rate of sales creates challenges in repaying the debt and in operating the remaining 44 units as a rental property. The property has capital needs due to its age such as replacement of roofs, water heaters, and appliances. Identifying a new financing mechanism for those repairs while both preserving the option to continue selling homes and balancing the responsibilities of the 12 homeowners in maintaining shared community assets, e.g., parking, community center, has been a challenge.

While the property owner has taken steps to both incentivize and prepare residents to participate in the homeownership opportunity, including partnering with a local nonprofit that offers a homeownership preparedness class; offering an opportunity to escrow a portion of rent payments to help with down payment assistance; and connecting residents to a down payment assistance program run by the city, uptake remains slow. There were also additional challenges related to the COVID-19 pandemic that contributed to this slow uptake in the program.

The SAHF member, which has three additional lease-to-own properties at various stages, has begun planning for the post-Year 15 future of these properties as early as possible based on their experience with Homes at the Glen. This includes thinking about how debt and financing are structured to meet the long-term needs of the properties and how to engage with residents in ways that build interest and readiness for homeownership.

### III. Key Takeaways

Within the SAHF member portfolio, there are numerous structures that give residents of multifamily affordable rental properties greater voice and control in the ownership of the properties. There are also examples of structures that make proceeds from the operation of the property available for the benefit of residents. However, most of these structures provide indirect benefits through a resident association that holds an ownership interest and/or receives financial benefits that they can then use to fund resident programming and other resources. While there are some examples of properties that have offered a homeownership option at Year 15, those models have generally been used in single family or townhouse settings, and there are significant barriers to scaling them to the traditional multifamily typologies that comprise most of the Housing Credit portfolio. Nonetheless, these models offer several lessons and considerations for developing and scaling models that may give power and drive benefits to residents of Housing Credit properties at or after Year 15.

#### A. Local policies to catalyze structures that benefit residents

Many of the examples in the SAHF member portfolio come from Washington, D.C., where a strong tenant right of first refusal is in place. In other jurisdictions, such as Charlottesville and Chicago, interest from local government and incentives in local financing sources have driven developers to create development plans and ownership structures that empower residents and/or share in cash flow. While these local policies have been catalyzing, they are not essential for creating these structures that benefit residents. In fact, the Housing Credit program allows for a right of first refusal that can be held by resident associations, which could be one helpful tool in broader adoption of these structures. By creating additional incentives for owners and addressing some of the challenges outlined below, voluntary adoption of these structures would likely scale faster.

#### B. Significant advanced planning and education for residents and resident associations

In many of the examples from the SAHF member portfolio, the development partners stressed the importance of working with residents and resident associations in advance. A common strategy employed at properties that successfully moved residents to homeownership was providing education and planning for home purchase at move-in or many years before Year 15. Conversely, at properties that planned to convert to cooperative structures after Year 15 but failed to do so, a key contributor to the failure to convert was a lack of education and financial resources for residents in advance of the conversion timeframe. Similarly, in properties where a resident association held a right of first refusal or other opportunity to enter the ownership, development partners stressed the importance of an established resident association and the time to ensure that resident leaders have the partners and resources needed to navigate the transaction.

### C. A developer and/or local partner seasoned in working with residents and resident groups

We heard consistently that SAHF members were selected for their roles in partnerships with resident associations based on their experience working with similar groups and their commitment to mission. The same developers stressed that community-based groups can be vital partners in engaging with residents and developing a long-term plan that best serves the community. The work of trust building with residents and resident groups can take some time and come at considerable expense.

### D. Experienced and well-resourced counsel for residents/resident groups

The pivotal role of counsel for residents in negotiating these structures emerged repeatedly in our interviews. The most beneficial structures seem to emerge where counsel has a rapport with the residents and resident association, is well grounded in the structures used for affordable housing finance, and can navigate the complex implications of these structures on resident eligibility for housing assistance and other benefits. However, it was also noted that a limited number of attorneys with the willingness to take on this role has made it more difficult to do this work - which is why creating a pipeline of attorneys in this area of expertise is so important. In addition, allowing time and funding to cultivate this strong working relationship between attorney and residents is key.

### E. Two primary pathways for creating wealth for residents outside of homeownership/coop structures

In properties where individual ownership structures were infeasible or not pursued, we still found structures that shared resources and offered the opportunity for residents to build wealth. These structures generally provided residents or a resident association funds from one of two sources: 1) payments from proceeds of recapitalization at or after Year 15 or 2) an ongoing interest in cash flow generated from property operations.

### F. Financial benefits do not necessarily have to be tied to ownership interest

In most examples in the SAHF member portfolio, financial benefits flowed to a resident association in connection with an ownership stake in the property. However, Congress Heights demonstrates how a right of first refusal could be leveraged to negotiate benefits directly to the tenants who hold it without requiring them to take an interest in the property long term. An owner could choose to make these benefits available to residents without an ownership stake or right of first refusal, particularly after the investor has left.



## G. The need for careful management of capital needs and reserves

In discussions with developers that had pursued homeownership models or models where resident associations owned or had significant ownership interest in the property, we consistently heard that it was important to plan for the long-term needs of the property differently. Understanding that a transfer to individual ownership may mean that there is not a major recapitalization event at Year 15 or shortly thereafter, groups utilizing homeownership models stressed the need to reinvest cash flow into ongoing maintenance and replacements. Similarly, for structures that shifted ownership to resident associations, ensuring that an adequate scope of work is done at recapitalization, that reserves are well capitalized, and that a process for identifying and addressing future needs is agreed upon are all critical to ensuring quality housing through a sustainable model. Education and/or strong consultant support for resident associations/ownership groups is also key.

## H. Local real estate market determines available structures

Individual ownership structures worked well in lower or moderate cost markets where the cost to the resident of purchasing the unit could be kept affordable through lower development costs and reduction of the developer's debt during the initial compliance period, thereby reducing the purchase price. Pairing a lower purchase price with additional local government assistance for purchasing households keeps costs low. In higher cost markets, higher initial development costs make it infeasible to reduce the debt on the property to a level that facilitates sale to households at a reasonable price, and the amount of soft debt/additional subsidy needed may not be achievable. However, in these higher cost markets, multifamily properties may experience greater appreciation in value and in rents, making structures that share cash flow and recapitalization proceeds with residents more viable and more lucrative for residents. Even so, in high-cost markets, these resources may not be sufficient to unlock homeownership for interested residents. For this reason, care should be taken to pair these structures with financial coaching and resources to support longer term wealth-building while ensuring residents have long term affordable rental housing that promotes stability and voice.

# Bibliography

CBG Building Company. "Clark Realty Celebrates Completion of Columbia Heights Village Renovation." June 20, 2003. <https://www.cbgbuildingcompany.com/press-release/clark-realty-celebrates-completion-of-columbia-heights-village-renovation/>.

Congress Heights Facts. "Learn The Facts about the Congress Heights Metro Site Development." <https://www.congressheightsfacts.org/>

District of Columbia Department of Housing and Community Development. "District Opportunity to Purchase Act (DOPA)." <https://dhcd.dc.gov/service/district-opportunity-purchase-act-dopa>.

District of Columbia Department of Housing and Community Development. "Tenant Opportunity to Purchase Assistance." <https://dhcd.dc.gov/service/tenant-opportunity-purchase-assistance>.

District of Columbia Office of the Tenant Advocate. "Steps to Asset TOPA Rights Chart." [https://ota.dc.gov/sites/default/files/dc/sites/ota/publication/attachments/TOPA2\\_-\\_5\\_or\\_More\\_Units.pdf](https://ota.dc.gov/sites/default/files/dc/sites/ota/publication/attachments/TOPA2_-_5_or_More_Units.pdf).

Humphrey Management. "Homes at the Glen Overview." <https://homesattheglen.com/>.

National Housing Trust. "Mass Place Apartments One-Pager 2019." [https://www.nationalhousingtrust.org/sites/default/files/page\\_file\\_attachments/Mass%20Place%20Apartments%20One-Pager%202019.pdf](https://www.nationalhousingtrust.org/sites/default/files/page_file_attachments/Mass%20Place%20Apartments%20One-Pager%202019.pdf).

Piedmont Housing Alliance. "Friendship Court History." <https://piedmonthousingalliance.org/friendship-court/>.

Superior Court of The District of Columbia Civil Division. "Congress Heights Settlement." <https://oag.dc.gov/sites/default/files/2019-11/Congress-Heights-Settlement.pdf>.

Urban Institute. "Reducing the Racial Homeownership Gap." <https://www.urban.org/policy-centers/housing-finance-policy-center/projects/reducing-racial-homeownership-gap>.

## Table of Interviews

Carden, Kate and Kevin Nowak (Cleveland Housing Network). Interview by Andrea Ponsor and Justin Edwards. Virtual Interview. November 29, 2021.

Clyde, Diane and Dana Johnson (Homes for America). Interview by Andrea Ponsor and Justin Edwards. Virtual Interview. December 16, 2021.

Ekerdt, Molly (Preservation of Affordable Housing for the Future). Interview by Andrea Ponsor and Justin Edwards. Virtual Interview. October 13, 2021.

Engelhardt, J.T. and Kevin White (National Housing Trust). Interview by Andrea Ponsor and Justin Edwards. Virtual Interview. October 19, 2021.

Feinberg, David, Rachel Johnston, and Gené Moreno (Chicago Rehab Network). Interview by Andrea Ponsor and Justin Edwards. Virtual Interview. November 18, 2021.

Green, Steve, Carlos Gonzales, and John Hoffer (The NHP Foundation). Interview by Andrea Ponsor and Justin Edwards. Virtual Interview. November 9, 2021.

Herrmann, Chris (Enterprise Community Partners). Interview by Andrea Ponsor and Justin Edwards. Virtual Interview. November 11, 2021.

Seshadri, Smitha (BRIDGE Housing Corporation). Interview by Andrea Ponsor and Justin Edwards. Virtual Interview. November 23, 2021.