

REAL ESTATE

2013
fall
guide

Realtors see strong D.C. housing market with low inventory of homes

By **GRAHAM VYSE**
Current Staff Writer

As D.C. Realtors look ahead to the fall real estate market, many say they are upbeat, even though August's inventory was looking a bit low.

"It's shaping up to be pretty strong," said Jim Bell, founder and managing partner of Beasley Real Estate. "The market really hasn't taken too much of a summer

break."

Bell said he had recently seen what he described as a customary surge from sellers that happens at this time every year. "People put stuff on the market right around Labor Day," he said.

Echoing Bell's optimism was Evers & Co. founder Donna Evers, who has three decades of experience in the local market.

"We really ought to have a great fall," she said, adding only the

caveat that buyers should realize this is a sellers' market and avoid holding out on purchases for too long.

"It's like the stock market," she — people wait until the last minute before making their moves.

Related to that lack of recognition of the seller's advantage, Evers said the biggest problem with the market today is the low inventory — a perennial issue in recent years.

Recent data from the Greater Capital Area Association of Realtors and RealEstate Business Intelligence showed 14 percent fewer properties on the market in D.C. this August compared to last August — 34 fewer single-family homes and 145 fewer condos and co-ops. In addition, this year's total active listings in August represented a five-year low for the month.

But not all Realtors read the data exactly the same way. Joseph

Himali, the principal broker at Best Address Real Estate, advises an alternative look at inventory levels.

"Although inventory is down year-to-year, it's up from where it was in the spring," Himali said.

Data from the Greater Capital Area Association of Realtors data demonstrate the recent uptick in new listings. For example, there were 377 new-this-month listings for single-family houses this

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Some developers thinking smaller

By **KATIE PEARCE**
Current Staff Writer

How do you fit a kitchen, a bathroom, and space for living and sleeping all within 400 square feet?

For architect Peter Fillat, who's working on a "micro-unit" rental project in the 1400 block of Church Street, the solution involves using compact fixtures and appliances, and squeezing everything together resourcefully.

In the 38 tiny apartments that will make up the new Logan Circle building, Murphy beds will fold down at night, preserving space during the day. Bath-

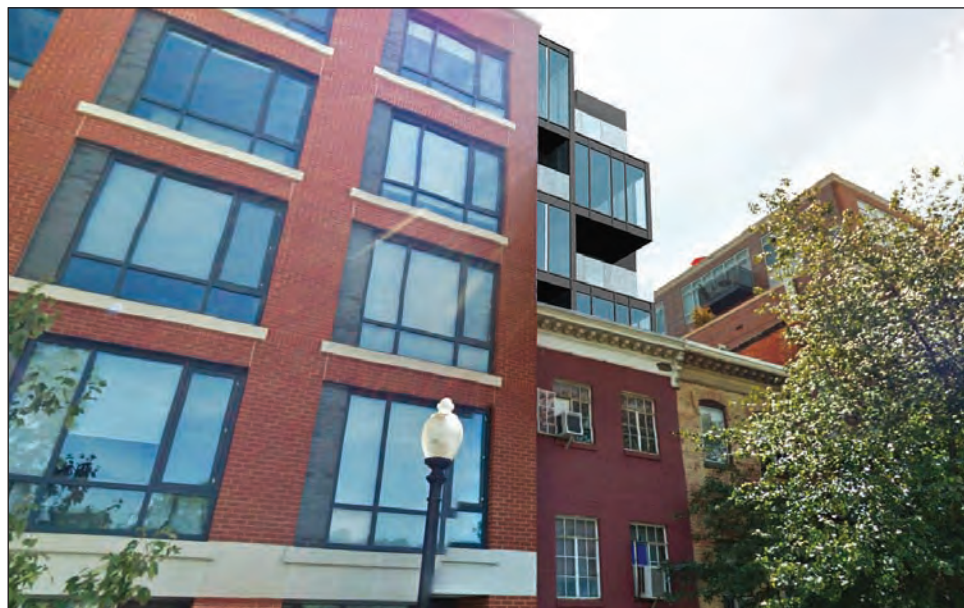
room sinks will be placed outside of the bathroom itself.

Water heaters will be installed above the fridge. And laundry will be both cleaned and dried, in separate phases, in a single-unit washer/dryer.

But even if everything fits in successfully, how do you make sure the apartments don't feel like cramped shoeboxes? Fillat says it's important to let in light and air — in this building, through floor-to-ceiling glass windows, small balconies and "carved-up" layouts that aren't strictly square or rectangular.

"It's a very cool, livable space, but at the same time, no frills," Fillat says.

These type of design challenges could be facing more developers and architects in D.C. as the trend of the micro-unit takes off.



Renderings courtesy of Peter Fillat Architects

Thirty-eight "micro-units" — between 375 and 425 square feet — are planned for a project on the 1400 block of Church Street.

In cities where living space is tight and comes at a premium, smaller units (a "micro" is usually defined as under 400 square feet) are starting to seem like a

logical solution to some common housing issues.

New York Mayor Michael Bloomberg sparked national attention last year with a competition inviting designs for apartments under 300 square feet. Other expensive cities like Boston, San Francisco and Los Angeles have also pursued micros as a way to provide more affordable options for a growing number of single- or double-occupant households.

Before the trend arrived in the U.S.,

micro-apartments were already gaining popularity in crowded international cities like Tokyo, London and Hong Kong.

In D.C., a number of projects including micro-units are starting to sprout up across the city.

For a new development at 1250 9th St. in Shaw, the CAS Riegler firm is planning for a handful of units under 320 square feet. Plans for "The Wharf," a mixed-use development on the Southwest Waterfront, call for 150 units between 330 and 380 square feet.

On Church Street, developer Brook Rose is working with Fillat to transform three historic buildings into one apartment complex with units between 375 and 425 square feet. The projected opening is early 2015.

Of course, the concept of the tiny city
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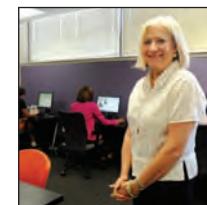
Nonprofit's new initiative aims to aid residents in maintaining their homes

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Industry group pushes District to reduce transfer, recordation taxes to assist D.C. homebuyers, sellers

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For some area Realtors, office remodeling has brought open, flexible spaces

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Realtor aims to blend business, philanthropy by making donations to clients' favorite charities

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A look behind the fences, into some varied outdoor spaces at area homes

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Latest Housing Finance Agency program helps middle-class buyers afford D.C. housing prices

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THE CURRENT NEWSPAPERS

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Norton seeking to renew credit

By **BRADY HOLT**
Current Staff Writer

In the 1990s, the District's economy was in a tailspin. The solution, according to D.C. Financial Control Board chair Alice Rivlin, was to grow the city's residential tax base by 100,000. But residents were then fleeing the District, not moving in.

One measure to help reverse this outflow, which Congress adopted in 1997 with bipartisan support, was a \$5,000 federal tax credit for first-time homebuyers in the District.

But the credit expired in 2011, along with a series of other incentives in the federal "empowerment zone" program. By that point, it had already helped revitalize parts of the District, according to D.C. Del. Eleanor Holmes Norton — but other neighborhoods continued to struggle.

This summer, Norton introduced legislation to reauthorize the program for D.C. through 2015, and to apply the tax credits retroactively to 2012 and 2013.

"The wisdom of the bipartisan use of modest, targeted tax incentives has been amply and visibly demonstrated in the economic resurgence in parts of the city designated as empowerment zones, including parts of downtown Washington," Norton said on the House floor on July 31, according to a



Del. Eleanor Holmes Norton is seeking to renew the \$5,000 first-time homebuyer's credit.

news release.

"Not only did the homebuyer tax credit staunch the taxpayer exodus for the first time in decades, but with the stability that the credit initiated, other individuals and families began moving to the city," she added.

In addition to the \$5,000 credit for first-time homebuyers in D.C., the legislation seeks a series of changes aimed at particular "economically distressed areas," including a reduced capital gains rate, expanded tax-exempt bond financing, and a wage credit of up to \$3,000, among other provisions.

"Withdrawing these incentives, particularly after they have proven effective elsewhere in city, leaves the nation's capital with essentially half of a revival," Norton said July 31, "and would be tragically timed just as the lower-income parts of the District, which need the incentives most, are ready for residential and commercial redevelopment."

Norton's office did not respond to questions from The Current.

MICRO-UNITS: Developers working with small spaces

From Page RE1

apartment doesn't come out of the blue — but this new wave heightens their appeal with conscientious design. "Everything is very carefully thought out and fully engineered," said Fillat, as opposed to the stereotype of the beat-up little studio apartment with outdated fixtures.

The obvious target for the new micro-unit is the single young professional who wants to live near amenities, transit and entertainment but doesn't need a lot of storage space.

Fillat said the Church Street units are aimed at the renter who "wants to live in the middle of everything and enjoys the conveniences of that type of lifestyle" but also "wants to get established quickly and doesn't need to bring a lot of stuff with him or her." (That "stuff" includes a car — as currently planned, the building includes no parking spaces and would prohibit its residents from registering for parking permits.)

Tom Lenar, principal at R2L:Architects, sees micros as an alternative or graduation step beyond the group house, D.C.'s traditional answer for young professionals who need an affordable space.

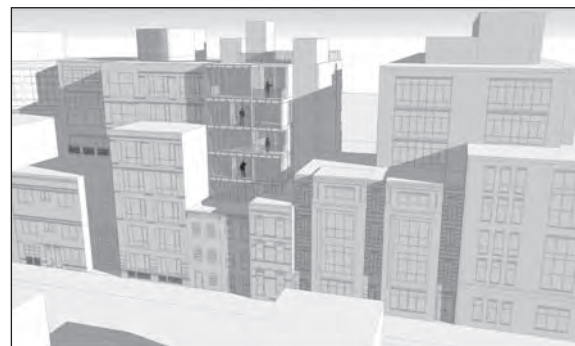
"People who are living in group houses are starting to look for their own private spaces, which they can afford, along with the lower rents that come with the smaller units," said Lenar, who designed micro-units for a residential project that never came to fruition in Chinatown (Douglas Development opted for offices instead at 600 F St. NW).

Micro-units could also hold appeal for a specific type of D.C. worker — the lobbyist or politician who lives out of town but visits the city regularly and "needs a place to drop their stuff," Lenar said.

Some developers have also touted micros as an option for retirees who want to retain an urban base while traveling or owning other property elsewhere.

Although Lenar said the micro doesn't appear to be a fluke, there does "tend to be a lot of resistance to it ... mostly because it hasn't been proven in the market yet."

And some have noted that since micro-units tend to



Rendering courtesy of Peter Fillat Architects

The new project in Logan Circle (above) targets young renters who can sacrifice storage for amenities.

make a better match for renters rather than buyers, they don't necessarily fit into many of the upscale condo projects going up around town.

Lenar said the best bet for developers seems to be incorporating a percentage of micro-units within a larger project. "There's a little bit of fear that with 'all or nothing,' you could be stuck with a building with a bunch of small units you can't sell or rent," he said. "But if they're designed as a percentage, any developer would have enough market share to fill those."

But the Brook Rose project in Logan Circle is counting on the neighborhood's demographic shifts to fill up the tiny apartments. "This is a way to create some new housing and satisfy some demand in an extremely hot neighborhood," said Fillat.

Fillat said he's in conversations with Ikea about a possible pilot project to feature the Swedish furniture company's wares in the new units.

The architect, who says his past experience designing hotel and "extended-stay" rooms has helped him transition into micro-units, expects to continue working on these types of projects. In fact, he's working on two more right now (the details of which he couldn't disclose) in the Baltimore-Washington area. "In the region, there seems to be some real interest," he said.



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TAXES: Debate stirs over proposal

From Page RE6

lower-cost housing would be able to upgrade more easily, freeing up their old homes for purchase or rent.

Demarais questioned that logic, and noted that low-income homebuyers already get waivers for their deed recordation taxes. Furthermore, he said, residents selling a home to a low-income buyer can dedicate their transfer taxes toward

the buyer's closing costs.

He also noted that sellers can agree to pay the buyer's recordation tax and raise the home's price accordingly.

Roberts-Burke said that practice does exist, and that some buyers also take out personal loans from family to cover the taxes. "It would make housing a lot more affordable for people if they didn't have to pay this tax in the first place," she said.

MARKET: Mixed picture in data

From Page RE1

August, compared to 357 of that variety last August. Likewise, there were 377 new-this-month listings this August for condos and co-ops, compared to only 289 last year.

There are other data points that also make the market look fairly busy already.

RealEstate Business Intelligence reports that the number of closed sales this August was up nearly 24 percent, compared to the same period last year. There were 752 closed sales this year, as opposed to 608 last August.

In addition, the average number

of days properties were on the market this August was down from the August before — 39, compared to 56. That marked a five-year low.

Meanwhile, the average sold-to-original-listing-price ratio was 98.9 percent this August, compared to 96.8 percent last August. This year's figure is a five-year high for the month of August.

The numbers, together, paint a mixed picture. As a result, Himali said, media reports about "how hot the market is" don't really strike the right tone. There are upticks, he said, but "the market is not quite as insanely hot as you might think."