

# Homeowner Assistance Fund

**Approved January 6, 2022**

**The public comment period for the plan was held from September 17 to September 27, 2021.**

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## Introduction

The American Rescue Plan Act provided up to \$9.961 billion for states, the District of Columbia, U.S. territories, Tribes or Tribal entities, and the Department of Hawaiian Home Lands to provide a wide range of relief to vulnerable homeowners during and in the recovery from the COVID-19 public health emergency. The Homeowner Assistance Fund (HAF) is targeted to households at or below median income<sup>1</sup> and socially disadvantaged homeowners,<sup>2</sup> who meet additional criteria of need.

The District of Columbia has implemented a small pilot program (HAF-Pilot) funded with a portion of the initial \$5 million (10%) in HAF funds previously allocated to the District by the US Department of the Treasury (Treasury). The HAF-pilot program targets condominium owner-occupants in Zip Codes, 20019, 20020, 2024 and 20032 primarily in Wards 7 and 8 that have been pre-identified for inclusion and invited to participate in the pilot through DHCD mortgage records. The HAF-Pilot is a limited enrollment and duration program intended to reach some of the most vulnerable District homeowners in a timely way and provide valuable insight to guide the implementation of the regular HAF program.

The District of Columbia is eligible to receive additional funds up to the “small state minimum” of \$50 million. To receive the funding, the District must submit a “HAF Plan” to the Treasury on October 1, 2021 through a portal on its website and the organization of this draft plan follows the order in which information will be entered into the portal. The HAF plan will describe how the District will implement the HAF program, within the context and based on the guidance and examples provided by Treasury<sup>3</sup>.

This HAF Plan, follows the prompts in Treasury’s HAF plan portal and details the District’s approach to the HAF program design elements and implementation to complement the technical terms of the program’s design elements.

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<sup>1</sup> This will be referred to as Area Median Income or AMI. District of Columbia locally funded programs often use the HUD Area Median Family Income (HAMFI) as the basis for their income limits and refer the a percentage of “median family income” MFI. “AMI” is used here in keeping with the Treasury’s usage but the general meaning is the same.

<sup>2</sup> “Socially Disadvantaged” is defined by Treasury as persons “whose ability to purchase or own a home has been impaired due to diminished access to credit on reasonable terms as compared to others in comparable economic circumstances, based on disparities in homeownership rates in the HAF participant’s jurisdiction as documented by the U.S. Census.” The impairment must stem from circumstances beyond their control. Within the District this includes members of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society, residents of a majority-minority Census tract and individuals with limited English proficiency. In addition, an individual may be determined to be a socially disadvantaged individual in accordance with a process developed by a HAF participant for determining whether a homeowner is a socially disadvantaged individual in accordance with applicable law, which may reasonably rely on self-attestations.

<sup>3</sup> Please see [home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/homeowner-assistance-fund](https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/homeowner-assistance-fund). The documents guiding this document were retrieved 9/15/2021.



## Section 1 Homeowner Needs and Community Engagement

### **Data on the Need for Homeowner Assistance Mortgage and Fee Assistance in the District of Columbia**

A review of the data on the extent and nature of homeowner distress in the District of Columbia reveals that while the recent rate of foreclosure in the District of Columbia does not stand out in a national or historical context, indicators of homeowner distress are highly concentrated in low income and non-White and Hispanic communities that are likely to have immediate need for these resources as existing mortgage and eviction protections expire.

#### Foreclosure

The most recognized measure of homeowner distress is the foreclosure rate.<sup>4</sup> Therefore, it might be considered notable that the foreclosure rate in the District of Columbia is currently one of the lowest in the country. For example, the ATTOM U.S. Foreclosure Market Report data indicated that among states, the District would have the 45<sup>th</sup> highest foreclosure rate.<sup>5</sup> Only 3 out of every 100,000 homes went into foreclosure in the third quarter of 2021. For reference, in Nevada, the state with the highest rate, the incidence was also quite low, 20 out of every 100,000 homes during the same period.

These low foreclosure rates may not be surprising, during the COVID-19 Public Health Emergency, many states and federal programs had a moratorium on foreclosures and evictions and required forbearance<sup>6</sup> and other protections that delayed the typical foreclosure process nationwide. This was particularly true in the District of Columbia where the District government passed a series of local protections starting as early as April 10, 2020.<sup>7</sup>

Prior to the pandemic protections, however, the District's foreclosure rate was still relatively low. In the third quarter of 2019, for example, the ATTOM data indicated there was just 10 foreclosures for every 100,000 homes in the District, putting its rank at 35<sup>th</sup> highest among the 50 states and the District (for reference, Nevada's rate was 121 foreclosures for every 100,000 homes).<sup>8</sup>

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<sup>4</sup> This is generally defined as the number of homes that face an involuntary sale by their creditors for failure to pay their mortgage or other property charges such as property tax relative to the total number of comparable properties in the market. Often the comparison is simply to all residential units or households.

<sup>5</sup> (<https://www.sofi.com/learn/content/foreclosure-rates-for-50-states/>)

<sup>6</sup> Forbearance is when a lender (mortgagee) allows a borrower (mortgagor) to pause or reduce the required payments for a limited period of time. Forbearance does not erase or forgive what is owed. The Mortgagor will have to repay any missed or reduced payments in the future.

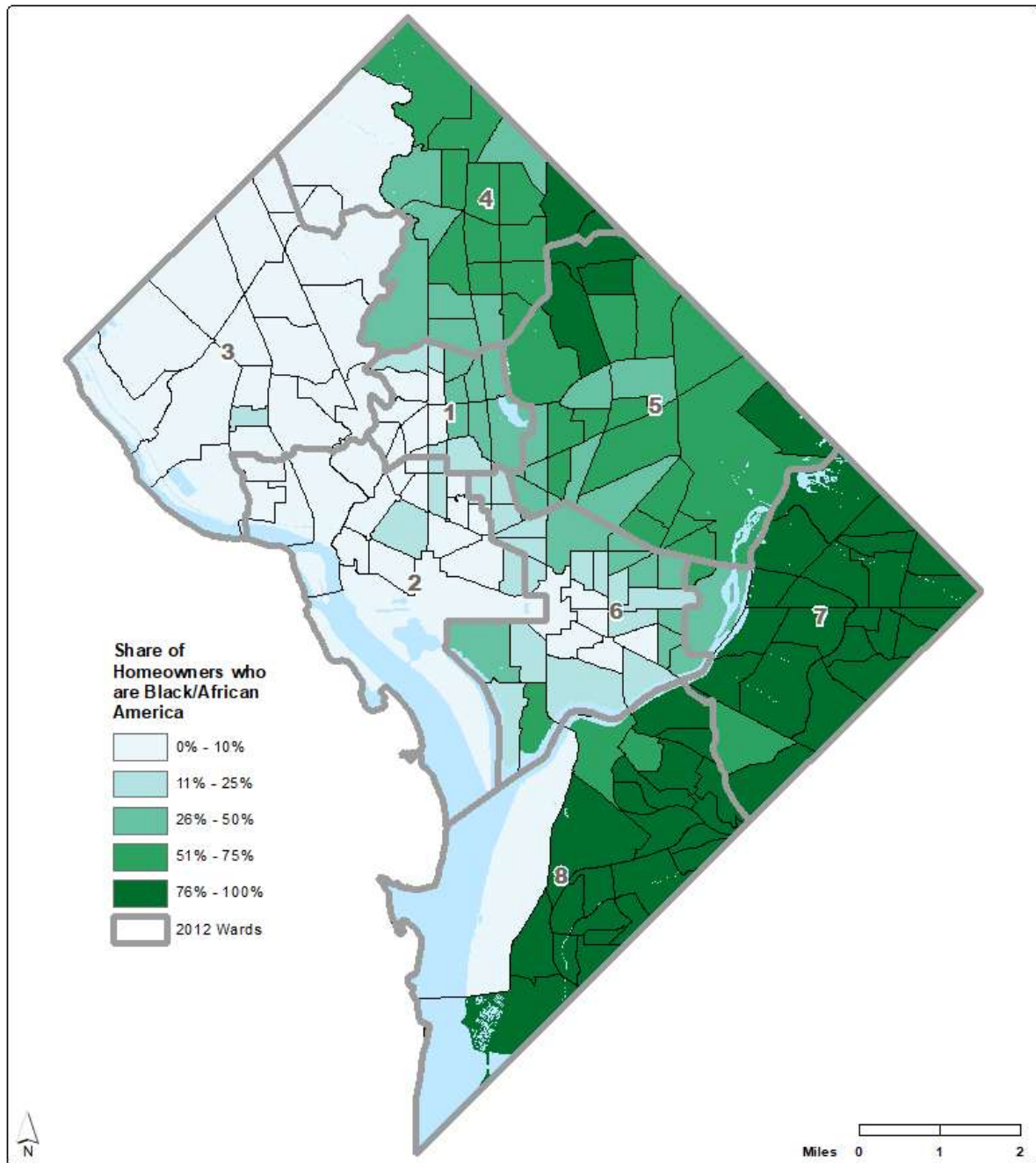
<sup>7</sup> Mayor Muriel Bowser signed B23-0733 - COVID-19 Response Supplemental Emergency Amendment Act of 2020 into law on April 10, 2020 and the foreclosure provision has been signed numerous times. Under current law, with only a few exceptions, there has been no residential foreclosure during the period of time from March 11, 2020 until November 5, 2021. DC Code § 42–815.05. Provisions of these laws also required deferred payments, a waiver of late fees, and a freeze on credit bureau reporting.

<sup>8</sup> (<https://www.attomdata.com/news/market-trends/attom-data-solutions-q3-2019-u-s-foreclosure-market-report/>), retrieved September 7, 2021

While it is important to recognize that the foreclosure rate will certainly increase as the public health emergency moratorium on foreclosures phases out, it is perhaps more important to recognize that the foreclosure rate is not as straightforward an indicator of homeowner distress and the need for owner-occupant housing assistance in the District of Columbia as it might seem.

First, the District of Columbia has a strong housing market. The high demand for housing in recent years, both for-sale and for-rent, has meant that owner-occupants who are unable to keep up with their housing costs often have sufficient equity and the opportunity to sell their home, whether to another owner-occupant or an investor. While this allows distressed homeowners to avoid a formal foreclosure and eviction, given the high cost of housing throughout the District of Columbia, the result is likely to be similar: households that moved from their owned home under duress are often displaced from their neighborhood, the District of Columbia, or worse, become homeless. This is particularly true in cases where mortgage arrears may have reduced their returns from selling. Second, as will be discussed further in the next section, the District of Columbia has a housing market that is historically highly segregated by race and income and bifurcated in terms of the financial returns from homeownership. While most homeowners are well off and housing-secure, a significant minority of owner-occupants in the city are low income and socially disadvantaged. These households primarily live in the eastern portion of the District, with the greatest concentration of Black homeowners east of the Anacostia River (Map 1).

Map 1: Share of Homeowners who are Black/African American



Office of Planning ~ September 15, 2021

Government of the District of Columbia

This map was created for planning purposes from a variety of sources. It is neither a survey nor a legal document. Information provided by other agencies should be verified with them where appropriate.

Source: U.S. Census Bureau, 2014-2019 American Community Survey 5-Year Estimates

Historically, these households face more challenges maintaining homeownership and gaining equity from their homes than the majority higher income, more advantaged owner-occupants that are more likely to live in western neighborhoods with traditionally higher homeownership rates and higher concentrations of White, non-Hispanic households. Without significant home equity, credit or access to the resources needed to secure other housing, homeowners in the lowest income neighborhoods often have fewer options to exit their owned home prior to foreclosure and eviction. Thus, even as foreclosure is relatively low citywide, these low homeownership communities face significant housing instability. The COVID-19 public health and economic crises have exacerbated these conditions.

A narrow focus on Districtwide foreclosure data, therefore, masks the need for assistance felt by many, low-income homeowners in the city and the impact their instability can have on the neighborhoods in which they are concentrated. A look at a broader set of indicators and specific submarkets quickly bears this out.

#### Distress, Delinquency, and Forbearance

The Household Pulse Survey from the US Census Bureau, an experimental survey that seeks to provide up-to-date information on the condition of American households during the COVID-19 public health emergency, provides a strong indication of the current market's current story of bifurcated need. In the survey conducted from August 4 through August 16, 2021, owner-occupants who are low income and identified as non-White or Hispanic indicate considerably more challenges meeting their housing costs than higher income and White, non-Hispanic households<sup>9</sup>.

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<sup>9</sup> The Pulse Survey is experimental, the data are not available to allow us to control for multiple factors such as both social disadvantage status and income and, with a relatively small population, the results from these data can have a significant margin of error for the District of Columbia. The stark differences in the results presented here and the consistency of these findings across iterations of the survey and in the context of the rest of the data and the literature presented here, however, leads us to conclude the patterns presented here using these data are credible.

Table 1: Select Characteristics of Owner-Occupants Expecting Difficulty Paying Mortgage in the District of Columbia, August 2021

	Owner-occupant households that do not own free and clear		
	Total	Not at all confident in ability to pay next month's mortgage	Payment is/will be deferred
Count	166,388	2,436	7,468
Percent Non-White and Hispanic	44%	74%	97%
Percent with Income below \$100,000	40%	92%	38%

Source: US Census Bureau Pulse Survey #35 August 4-16, 2021, Housing Table 1A, Dept of Housing and Community Development.

As suggested by the foreclosure data, Table 1 appears to confirm that paying the mortgage is not a significant current concern for the vast majority of District of Columbia owner-occupants with a mortgage. Just 1% of such households (2,436) are concerned about paying next month and only 4% (7,468) are currently in forbearance.

Table 1, however, also shows the difficulties were highly concentrated among the non-White and Hispanic populations. Most striking, 92% of the households that were not at all confident in their ability to pay the mortgage reported incomes below \$100,000.

As noted above, during the pandemic homeowners have had a greater opportunity to defer payments and enter into forbearance agreements with their lenders. Table 1 suggests that this option is being embraced almost entirely by non-White and Hispanic households. Since these payments are simply deferred, these households are building equity more slowly and may find some deferred payments will come due sooner rather than later under the terms of their payment plans.

The Pulse survey also looks backward at whether households are behind on their mortgages. Districtwide, just 7% (11,397) of those with a mortgage indicated they were not caught up on their mortgage (Table 2).



Table 2: Select Characteristics of Owner-Occupants Not Currently Caught Up on their Mortgage in the District of Columbia, August 2021

	Owner-occupant households that do not own free and clear	
	Total	Household currently caught up on Mortgage payments, "No"
Count	166,388	11,397
Non-White and Hispanic	44%	85%
Income below \$100,000	40%	51%

Source: DHCD calculations from the US Census Bureau Pulse Survey #35 August 4-16, 2021, Housing Table 1A.

Here too, the Pulse survey indicates non-White and Hispanic households are greatly over-represented among those with mortgage arrears as are those households with incomes below \$100,000, though to a lesser extent (Table 2).

A similar pattern is revealed looking at industry data on mortgage delinquency and forbearance from earlier in the pandemic. Table 2 provides a summation of the delinquencies registered by Black Knight in the period from April 2020 to January 2021. Then sorted by the proportion of each zip-code that is expected to be minority and low income, the result shows clearly that the incidence of delinquencies is highly concentrated in ZIP Codes that are majority low income and minority. Almost 60% of the delinquencies in the Black Knight data occurred in the top 5 zip-codes; just three of the top five ZIP codes (20019, 20020, and 2032), all on the eastern side of the District (Map 2), accounted for 40% of all delinquencies.

Table 3: Mortgage Delinquency, Income and Race/Ethnicity by Zip Code, District of Columbia, April 2020-January 2021

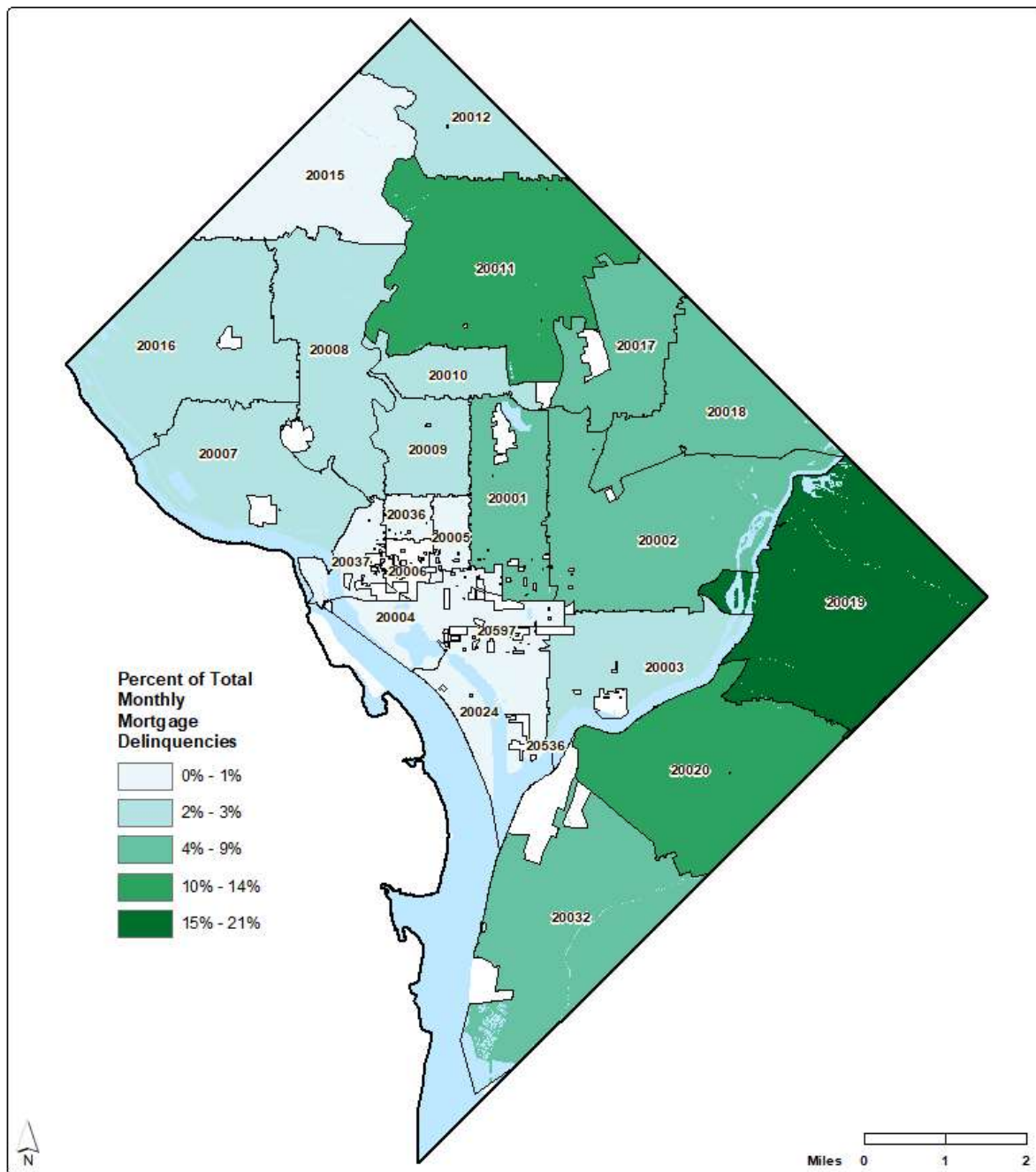
Zip Code	Sum of Monthly Delinquencies April 2020-January 2021	Percent of Total Monthly Delinquencies	Income and Race/Ethnicity Characteristics		
			Share non-White and Hispanic	Percent Low Income (CDBG Definition)	Sorting Score (0-200, 200 = 100% Low Income and 100% Minority)
20019	1282	21%	99%	61%	160
20020	766	12%	97%	61%	158
20032	455	7%	93%	65%	158
20018	322	5%	89%	39%	128
20011	850	14%	86%	38%	124
20017	286	5%	75%	39%	114
20012	149	2%	77%	30%	107
20010	139	2%	62%	42%	104
20002	560	9%	60%	37%	97
20001	285	5%	60%	36%	96
20024	79	1%	56%	29%	85
20005	44	1%	46%	26%	72
20009	190	3%	45%	27%	72
20037	49	1%	33%	34%	67
20036	25	0%	23%	34%	57
20004	8	0%	34%	20%	54
20003	190	3%	30%	23%	53
20007	124	2%	27%	22%	49
20016	180	3%	27%	18%	45
20008	144	2%	27%	17%	44
20015	54	1%	27%	11%	38

Source: -Atlanta Fed calculations using Black Knight's McDash Flash daily mortgage performance data (available with a two-day lag), U.S. Census Bureau 2017 FIPS Codes

- Race data (based on 2014-2018 American Community Survey): IPUMS NHGIS, University of Minnesota, [www.nhgis.org](http://www.nhgis.org).

- Income data (based on 2011-2015 American Community Survey): U.S. Department of Housing and Urban Development: LMISD - All Block Groups; HUD ZIP-tract crosswalk 2015Q4.

### Map 2: Percent of Total Monthly Mortgage Delinquencies



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Source: Atlanta Fed calculations using Black Knight's McDash Flash daily mortgage performance data (available with a two-day lag), U.S. Census Bureau 2017 FIPS Codes

Looking at the incidence of loans entering forbearance in the Black Knight data over this period, there is a similar pattern to what was observed in the Pulse data. The incidence of loans in forbearance is greater than those that are formally delinquent, and these loans are more evenly distributed across Zip codes. However, 48% of the monthly incidences of forbearance in the Black Knight data are still in the same five Zip codes with the greatest proportion of low income and minority households on the eastern side of the District at the top of the table (Map 2).

Table 4: Forbearance, Income and Race/Ethnicity by Zip Code, District of Columbia, April 2020-January 2021

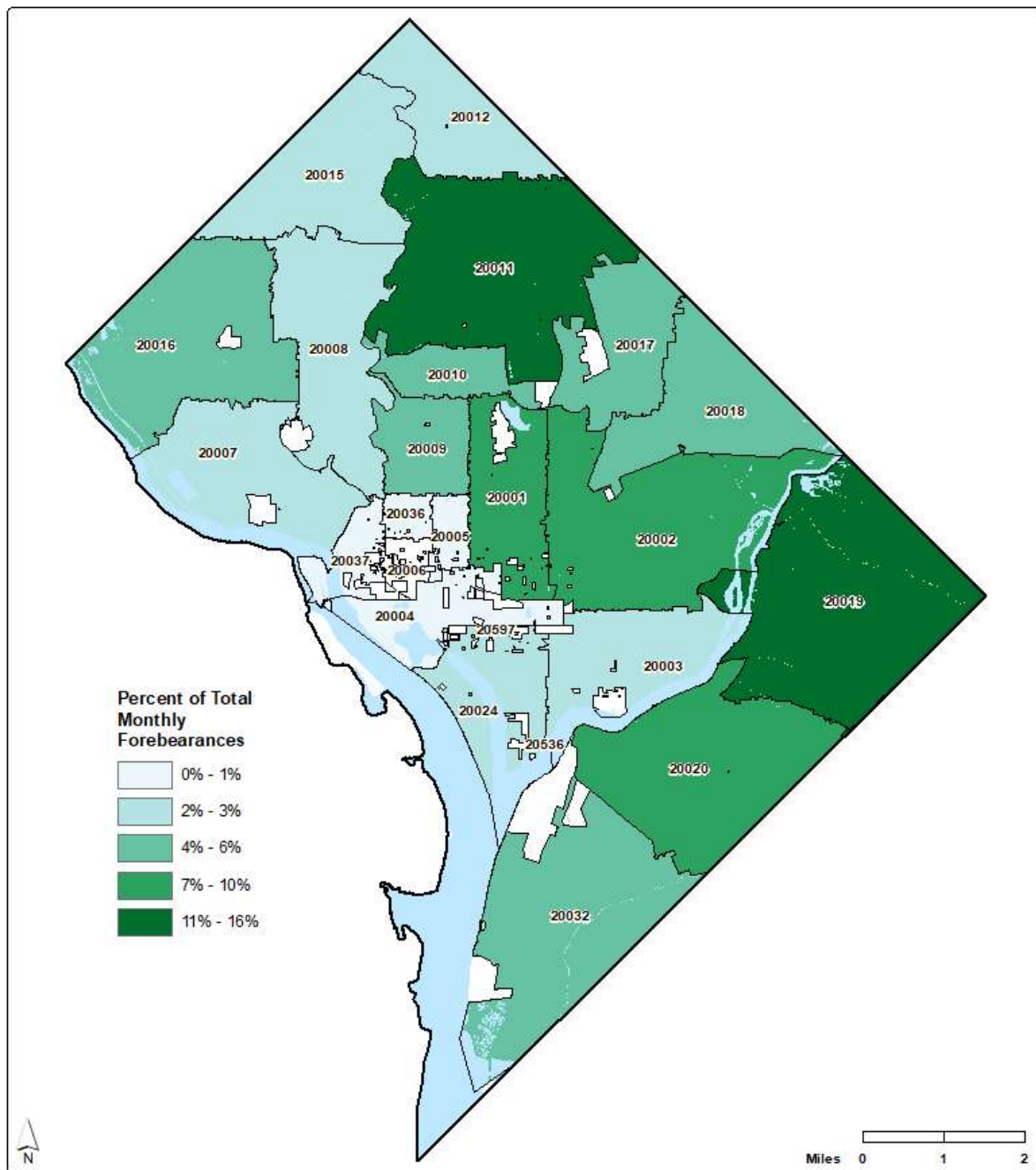
Zip Code	Sum of monthly loans in forbearance April 2020-January 2021.	Percent of Total Monthly forbearances	Income and Race/Ethnicity Characteristics		
			Share non-White and Hispanic	Percent Low Income (CDBG)	Sorting Score (0-200, 200 = 100% Low Income and 100% Minority)
20019	3468	16%	99%	61%	160
20020	2014	9%	97%	61%	158
20032	1033	5%	93%	65%	158
20018	1211	5%	89%	39%	128
20011	3093	14%	86%	38%	124
20017	847	4%	75%	39%	114
20012	668	3%	77%	30%	107
20010	789	4%	62%	42%	104
20002	2194	10%	60%	37%	97
20001	1557	7%	60%	36%	96
20024	442	2%	56%	29%	85
20005	281	1%	46%	26%	72
20009	1334	6%	45%	27%	72
20037	201	1%	33%	34%	67
20036	204	1%	23%	34%	57
20004	59	0%	34%	20%	54
20003	609	3%	30%	23%	53
20007	599	3%	27%	22%	49
20016	857	4%	27%	18%	45
20008	529	2%	27%	17%	44
20015	363	2%	27%	11%	38

Source: Source: -Atlanta Fed calculations using Black Knight's McDash Flash daily mortgage performance data (available with a two-day lag), U.S. Census Bureau 2017 FIPS Codes

- Race data (based on 2014-2018 American Community Survey): IPUMS NHGIS, University of Minnesota, [www.nhgis.org](http://www.nhgis.org).

- Income data (based on 2011-2015 American Community Survey): U.S. Department of Housing and Urban Development: LMISD - All Block Groups; HUD ZIP-tract crosswalk 2015Q4.

Map 3: Percent of Total Monthly Forbearances



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Sources: Atlanta Fed calculations using Black Knight's McDash Flash daily mortgage performance data (available with a two-day lag), U.S. Census Bureau 2017 FIPS Codes

Taken together, the indications from these data are clear that relief for mortgage arrears and assistance paying current mortgage payments is a significant need in the District of Columbia, particularly among low income and non-White and Hispanic owner households. Addressing these needs could have a significant impact on communities in the eastern neighborhoods of the city. Mortgages are not the only property charges leading to owner-occupant instability in the District, however, and data on those costs show a similar pattern.

### Property Tax Delinquency

Most homeowners pay their property tax and insurance “in escrow,” to their lenders or mortgage servicers who in turn make the payments when they are due. When the homeowner is delinquent, mortgage servicers generally cover these costs to assist the owner and maintain lender’s claim on the property. These costs are added to the debt owed by the mortgagor.

Many owner-occupants, however, pay their taxes directly to the District. These are typically households without a mortgage, often long-time homeowners who have paid off their mortgage, but any mortgagee, including those with reverse mortgages, may have the option to pay their taxes directly. Property tax delinquency, particularly among this population, is an important variable to consider in designing a program to stabilize vulnerable District homeowners. A delinquent property tax bill can result a homeowner’s property being offered in the District’s annual tax sale and ultimately to a tax foreclosure.<sup>10</sup>

The District’s Office of Tax and Revenue uses a property that is claiming the District’s Homestead Deduction<sup>11</sup> as a proxy for an owner-occupied household and 4,913 of these likely owner-occupied residential properties were delinquent in their 2021 first-half real property tax bills by more than \$100. This is 5% of the 101,010 properties with a Homestead Deduction Districtwide.<sup>12</sup>

As Figure 1, indicates, the largely non-white and Hispanic wards on the eastern side of the District, (particularly Wards 7, and 8, see maps above for reference) have higher proportions of households claiming the Homestead Deduction with delinquent property tax accounts relative to the other wards.

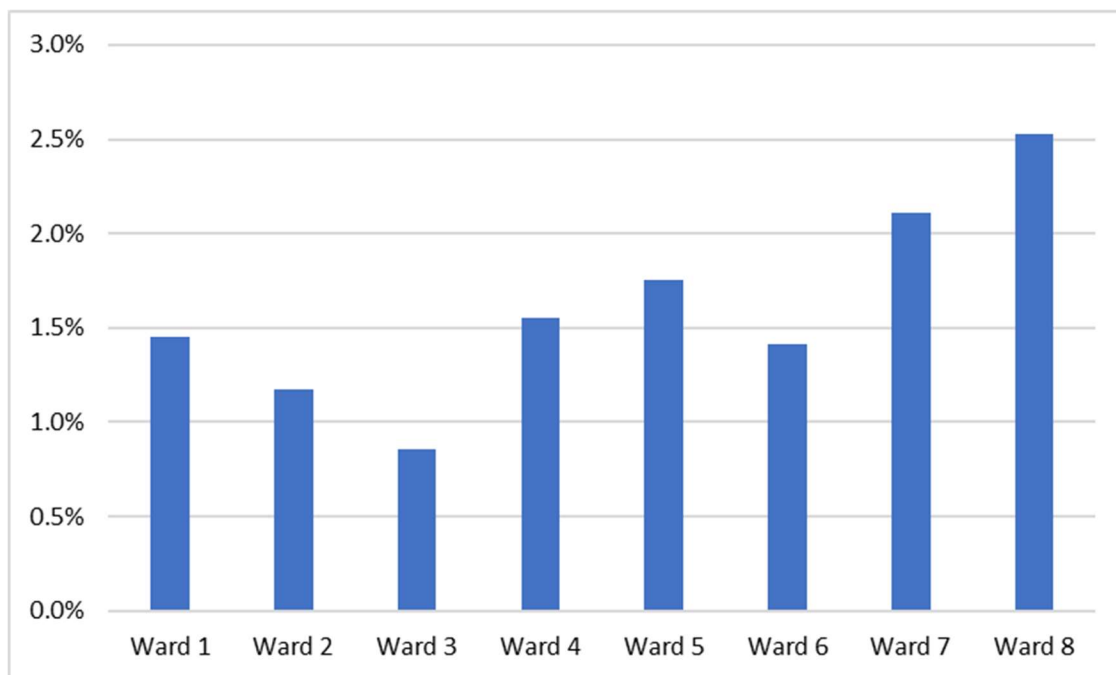
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<sup>10</sup> For a description of the tax sale process please see [https://otr.cfo.dc.gov/sites/default/files/dc/sites/otr/page\\_content/attachments/2019%20Tax%20Sale%20FAQ.pdf](https://otr.cfo.dc.gov/sites/default/files/dc/sites/otr/page_content/attachments/2019%20Tax%20Sale%20FAQ.pdf)

<sup>11</sup> To claim the deduction, the property must be owned and occupied by the applicant and contain no more than five dwelling units and be the applicant’s principal residence. The deduction does apply to condominiums, which are considered single-unit homes.

<sup>12</sup> This number may be lower than Census and other estimates because of the limitations on unit counts and because not all eligible homeowners claim this deduction.

Figure 1: Proportion of Households Claiming the Homestead Deduction with Delinquent Property Tax, by Ward June 2021



Source: District of Columbia Office of Tax and Revenue

To provide an estimate of the impact of these delinquencies on vulnerable owner-occupants the Office of Tax and Revenue (OTR) provided an initial analysis of the tax records. OTR was able to match 2,466 of the 4,913 property tax records discussed above to income tax records. Of those records, 62% did not have a resident income tax filer with an annual income greater than \$129,000, the 2021 median income for a family of four in the Washington, DC metropolitan region according to HUD. The total arrears for these households sums to \$2,981,990, but the median arrears are just \$932.65 per household and the lowest average arrears are in the eastern Wards in the City (Wards 4, 5, 7, 8) where the total arrears amount to less than half of the total arrears accounted for here (\$1,307,809). While Wards 4, 5, 7 and 8 only account for 44% of the arrears in Table 5, they account for 58% of the households in these data. The much lower proportion in arrears is likely due to the home values and therefore tax bills being assessed much lower in these wards.



Table 5: Property Tax Delinquency Among Lower Income Households with a Homestead Deduction, 2021

Ward	Accounts		Balance (if over \$100)			
		Share by Ward	Sum	Balance Share by Ward	Mean	Median
2	128	8.4%	\$628,011.40	21.1%	\$4,906	\$1,716 <sub>7</sub>
1	161	10.6%	\$360,692.94	12.1%	\$2,240	\$1,447
3	140	9.2%	\$292,397.89	9.8%	\$2,089	\$1,250
6	218	14.4%	\$393,079.09	13.2%	\$1,803.1 <sub>2</sub>	\$1,037
4	262	17.3%	\$477,096.94	16.0%	\$1,821	\$948
7	212	14.0%	\$294,420.63	9.9%	\$1,389	\$797
5	261	17.2%	\$395,859.55	13.3%	\$1,517	\$757
8	137	9.0%	\$140,432.20	4.7%	\$1,025	\$608
Total (ALL)	1,519	100.0%	\$2,981,990.6 <sub>4</sub>	100.0%	\$1,963	\$933

Note: Only includes households where data were matched between property and income tax records. “Lower income” is defined as a household that does not have a resident income tax filer with an annual income greater than \$129,000.

Source: District of Columbia Office of Tax and Revenue

This review of the available property tax data provides a clear indication that assistance with tax arrears will be able to assist additional low-income owner-occupants, many without a mortgage who would not benefit from mortgage relief.

#### Condominium/Cooperative/HOA Fees

In the District of Columbia, a housing association can pursue a foreclosure and the process is different from mortgage and tax foreclosure and this difference was highlighted by the public-health emergency protections. Under current DC law, housing association foreclosure auction sale can take place as soon as 31 days after notice is issued to the unit owner. By contrast, mortgage and property tax foreclosures go through the court system, which means the timeframe is longer to begin with and the judge can usually exercise discretion to allow the homeowner additional time to apply for assistance. Moreover, even during the COVID-19 public health emergency foreclosure protections, condo notices could be issued at any time, and the sale can take place immediately upon expiration of the PHE with a 60 -cushion or

starting November 5, 2021.<sup>13</sup> By contrast, a mortgage foreclosure cannot be noticed, i.e. *initiated*, until November 5. Finally, condo foreclosures also are not subject to the District’s mediation process. If mortgage lenders use the non-judicial process for a foreclosure, which few do, they must offer DISB mediation. Mediation is not required for housing association fee foreclosures.

Though the District has not identified a consistent source of data on housing association arrears across households and properties, as Table 5 indicates there are significant numbers of condominiums across the Wards of the District. While the number of condominiums is lower in the eastern portions of the city identified above as being particularly vulnerable to arrears and owner-occupant housing instability, there are still significant numbers to be concerned about.

Table 6: District of Columbia Wards Ranked by Number of Condominium Units, 2021

Ward	Number of Condominium Units
2	19741
6	14056
1	11320
3	9821
5	4543
8	2381
7	2138
4	1954
Total	65954

Source: Office of Planning

### **Data and Studies on the Experience of Discrimination in Housing or the Housing Finance Market**

The District is a majority non-White and Hispanic jurisdiction with a larger plurality of Black residents; however, these populations lag the White, non-Hispanic population in their homeownership rate (Table 7).

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<sup>13</sup> For this reason, as noted above, the District has implemented its HAF-Pilot program to reinstate owner-occupants of condominiums in Zip Codes 20019, 20020, 20024 and 20032, which Tables 3 and 4 above showed have the highest share of low income and non-White, Hispanic residents as well as mortgage delinquencies and forbearance agreements.

Table 7 – Homeownership by Race and Ethnicity in the District of Columbia, 2019

	Occupied housing units		
	Total	Owner-occupied housing units	Percent owner-occupied housing units
All occupied housing units	291,570	120,988	41%
White Alone, not Hispanic or Latino	124,971	62,023	50%
Black or African American	123,507	42,417	34%
Other (Including all Hispanic and Latino)	43,092	16,548	38%
Hispanic or Latino origin, White	13,529	5,422	40%
Hispanic or Latino origin, Other race	10,324	3,981	39%

Source: DHCD calculations from American Community Survey, US Census Bureau 2019 One-Year data, Table S2502.

In its review of the data and literature, the District’s Comprehensive Plan Housing Element found inequality of the District’s housing markets were shaped by historical segregation with common forms of discrimination including “refusal to rent, steering to particular neighborhoods by real estate agents, setting different terms for the sale or rental of housing (such as higher security deposits for certain groups), advertising to preferred groups, denial of loans or imposition of variable loan terms, and the use of threats and intimidation.”

The Comprehensive plan also found that these patterns have persisted in recent history, noting that “while the collapse of the national mortgage markets did not affect Washington, DC as badly as some parts of the country, many neighborhoods did suffer from high foreclosure rates and severe decline in values, and these neighborhoods are in areas with predominantly Black and Hispanic populations. Among the hardest hit neighborhoods were those along Eastern and Southern Avenues in the Upper Northeast, Far Northeast and Southeast, and the Far Southeast and Southwest Planning Areas, such as Washington Highlands, North Michigan Park, Bellevue, and Capitol View. These impacts dramatically affected the rates of homeownership among non-white and Hispanic households.”

Recent external reviews have reached the same conclusion,<sup>14</sup> with the differences particularly stark for Black households. The Urban Institute review found that the typical home value for Black owner-occupants in the District was about two-thirds of the home value enjoyed by White and Latino households and typical explanatory variables such as income and educational attainment could not explain this difference. The review traces the barriers that prevented Black residents in the District from building wealth and assets from the Black Codes of the 1840s and again notes that during the great recession this historical disadvantage, which had been somewhat diminished since the end of legal segregation, were again extenuated.

These findings along with the data presented above make it even more critical that the District assist these Black and other socially disadvantaged owner-occupants retain their homes.

### **How Has Community Engagement and Public Participation Informed the District of Columbia's Planning**

The District has relied on community engagement and public participation in planning its Housing Assistance Fund Pilot (HAF-Pilot) and the development of this regular HAF program plan. Holding on-line meetings and exchanging information throughout the summer, the District spoke to a number of housing counseling and legal aid providers (Table 8) as well as representatives from the condominium management industry, condominium and cooperative legal services providers, and mortgage servicers. In addition, the District participates in policy calls and learning opportunities organized by the National Council of State Housing Agencies (NCSHA) and the Housing Policy Council (HPC). The District is also conducting a public hearing and soliciting written comments on this plan. The rest of this Section provides greater detail on these activities.

#### Engagement with Housing Counseling Services and Legal Assistance

Table 8 provides a list of the housing counseling and legal assistance organizations the District engaged with throughout the summer. These organizations were particularly helpful in understanding the needs of the households they serve and the foreclosure process in the District.

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<sup>14</sup> Zickhur, K. 2018. Discriminatory housing practices in the District: A brief history. DC Policy Center. Retrieved 9/15/2021 from <https://www.dcpolicycenter.org/publications/discriminatory-housing-practices-in-the-district-a-brief-history/>

Kijakazi, K et al. 2016. The Color of Wealth in the Nation's Capital. Urban Institute. Retrieved 9/15/2021 from <https://www.urban.org/research/publication/color-wealth-nations-capital>.

Table 8: Engagement with Housing Counseling and Legal Aid Providers

Provider Name	Provider Address	Provider Website	Primarily Serves LMI Households	Provider Addresses Impacts of Housing Discrimination
Legal Counsel for the Elderly/AARP	601 E Street, NW Washington, DC 20049	<a href="http://www.aarp.org/legal-counsel-for-the-elderly/">www.aarp.org/legal-counsel-for-the-elderly/</a>	X	X
Legal Aid DC	1331 H Street, NW, Suite 350 Washington, DC 20005	<a href="http://www.legalaiddc.org">www.legalaiddc.org</a>	X	X
Housing Counseling Services	2410 17 <sup>th</sup> Street, NW, #100 Washington, DC 20009	<a href="http://www.housingetc.org">www.housingetc.org</a>	X	X
University Legal Services	<u>SE Office</u> 1800 Martin Luther King Jr. Avenue, SE 1 <sup>st</sup> floor, Washington, DC 20020  <u>NE Office</u> 220 I Street, NE, Suite 130, Washington, DC 20002  <u>Far NE Office</u> 3939 Benning Road, NE Washington, DC 20019	<a href="http://www.uls-dc.org">www.uls-dc.org</a>	X	X
Community Associations Institute (CAI) DC Legislative Action Committee	6402 Arlington Blvd., Suite 500 Falls Church, VA 22042	<a href="http://www.caionline.org">www.caionline.org</a>		
Mr. Cooper	Lake Vista 4 800 State Highway 121 Bypass Lewisville, TX 75067	mrcooper.com		
TCAM Asset Management	30 Federal Street, Floor 6 Boston, MA 02110-2508	tcamre.com	X	

In addition to these more housing counseling and legal service providers, the District engaged a number of community-based organizations that provide housing, small business, and other assistance (Table 9).

Table 9: Engagement with Community Based Organizations and Organizations that Serve Potentially Eligible Households

Provider Name	Provider Address	Provider Website	Primarily Serves LMI Households	Provider Addresses Impacts of Housing Discrimination
Manna	<u>HQ</u> 6856 Eastern Avenue, NW, Suite 100 Washington, DC 20012  <u>SE Office</u> Appointment Only 3425 A Street, SE, Suite 101 Washington, DC 20019	<a href="http://www.mannadc.org">www.mannadc.org</a>	X	X
Latino Economic Development Center	1401 Columbia Road, NW, Unit C-1 Washington, DC 20009	<a href="http://www.ledcmetro.org">www.ledcmetro.org</a>	X	X

### Publication of the Draft Plan

In addition to this targeted outreach, the District presented the draft plan to the community. The notice of the draft plan and hearing was published in the District Register on September 17, 2021. It was also published on the Department of Housing and Community Development's website (<https://dhcd.dc.gov/haf>).

Upon publication, the District also distributed the draft plan directly to organizations identified as community organizations and entities interested in the plan, Council of the District of Columbia offices and others to illicit comment and make their communities aware of the draft HAF plan.

The District held a virtual public hearing on the Draft Plan on September 22, 2021 at 6:30 PM there were two organization-affiliated and a single individual that provided spoken testimony. Eleven members of the public attended the hearing in addition to the government representatives.

Translation services were offered at the hearing. The public comment period for written comments was open from September 17 until September 27, 2021 and the District accepted physical and digital comments.

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### Ongoing Assessment of the Needs of Eligible Homeowners

The District plans to continue to monitor data from our HAF-pilot and regular HAF program, customer surveys, the mortgage servicer industry, the District's Office of Tax and Revenue and

other data sources such as the Census Bureau's Pulse Survey to determine whether the District's HAF program is reaching the owner-occupant population with appropriate programming and in particular those with the greatest need.

Based on the analysis of these data, the District may elect to revise its HAF plan over time and has elected to alert Treasury that it anticipates adding additional program design elements within one year of this submission.

## **Section 2 Program Design**

### **Program Elements**

In the initial response the end of COVID-19 public health emergency and the phasing out of foreclosure and eviction protections the District of Columbia will utilize the following program design elements to deliver HAF assistance to stabilize eligible homeowners:

1. mortgage payment assistance;
2. financial assistance to allow a homeowner to reinstate a mortgage or to pay other housing-related costs related to a period of forbearance, delinquency, or default;
3. payment assistance for homeowner's association fees or liens, condominium association fees, common charges, or special assessments;
4. payment assistance for delinquent property taxes to prevent homeowner tax foreclosures;
5. payment assistance for homeowner's insurance, flood insurance, and mortgage insurance; ; and
6. payment assistance for homeowner's delinquent electric, gas, home energy, water or internet service, including broadband internet access service, as defined in 47 CFR 8.1(b).

In addition, the District has opted to not implement the following programs allowable under HAF guidelines in the immediate emergency response to the end of the COVID-19 Public Health Emergency. If, however, in the ongoing assessment the District will conduct of the needs of eligible homeowners and the progress of the programs above and may opt to implement them within the first year of the HAF program and after the initial HAF response should programs funds be available and sufficient demand for these programs be identified.

9. mortgage principal reduction, including with respect to a second mortgage provided by a nonprofit or government entity;
10. measures to prevent homeowner displacement, such as home repairs to maintain the habitability of a home or assistance to enable households to receive clear title to their properties.

Fuller descriptions of these program design elements are provided by the term sheets in the Appendix.

The District's program elements largely conform with example term sheets provided by the US Department of the Treasury as part of the HAF application materials<sup>15</sup>, setting locally

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<sup>15</sup> See <https://home.treasury.gov/system/files/136/Updated-Sample-Term-Sheets-for-HAF-Program-Design-Elements.pdf>. Retrieved 9/15/2021.



appropriate program element. But in a few ways, it has chosen to deviate from the following terms in the listed programs for the following reasons:

Table 10: Changes from the Program Design Element Examples Provided by Treasury

Program Design Element	Deviation from Sample Terms	Justification
District of Columbia Mortgage Reinstatement Program Element	The District has opted to allow households to be eligible to not condition receipt of assistance under this program element upon the conclusion of other loss mitigation options offered to them	For many of our most vulnerable households time is of the essence to avoid foreclosure and eviction and reinstatement may be necessary before other loss mitigation opportunities are fully identified or realized. While this will not be a requirement to receive assistance, the policies and procedures for this program element will emphasize that HAF will complement these other opportunities.
Multiple	The District has removed reference to “loans secured by manufactured homes” where it appeared.	The District does not have such loans within its owner-occupied stock.
All	In addition to the program element limits anticipated by the example term sheets, the District has set a lifetime limit on HAF assistance across all program elements	As a high-cost housing market, the District must be prepared to devote significant resources to reinstate and stabilize households and have them avoid involuntary displacement. However, these costs can mount quickly and therefore to assure we can assist a significant number of households, a limit of \$120,000 has been set.

## Documentation of Homeowner Income

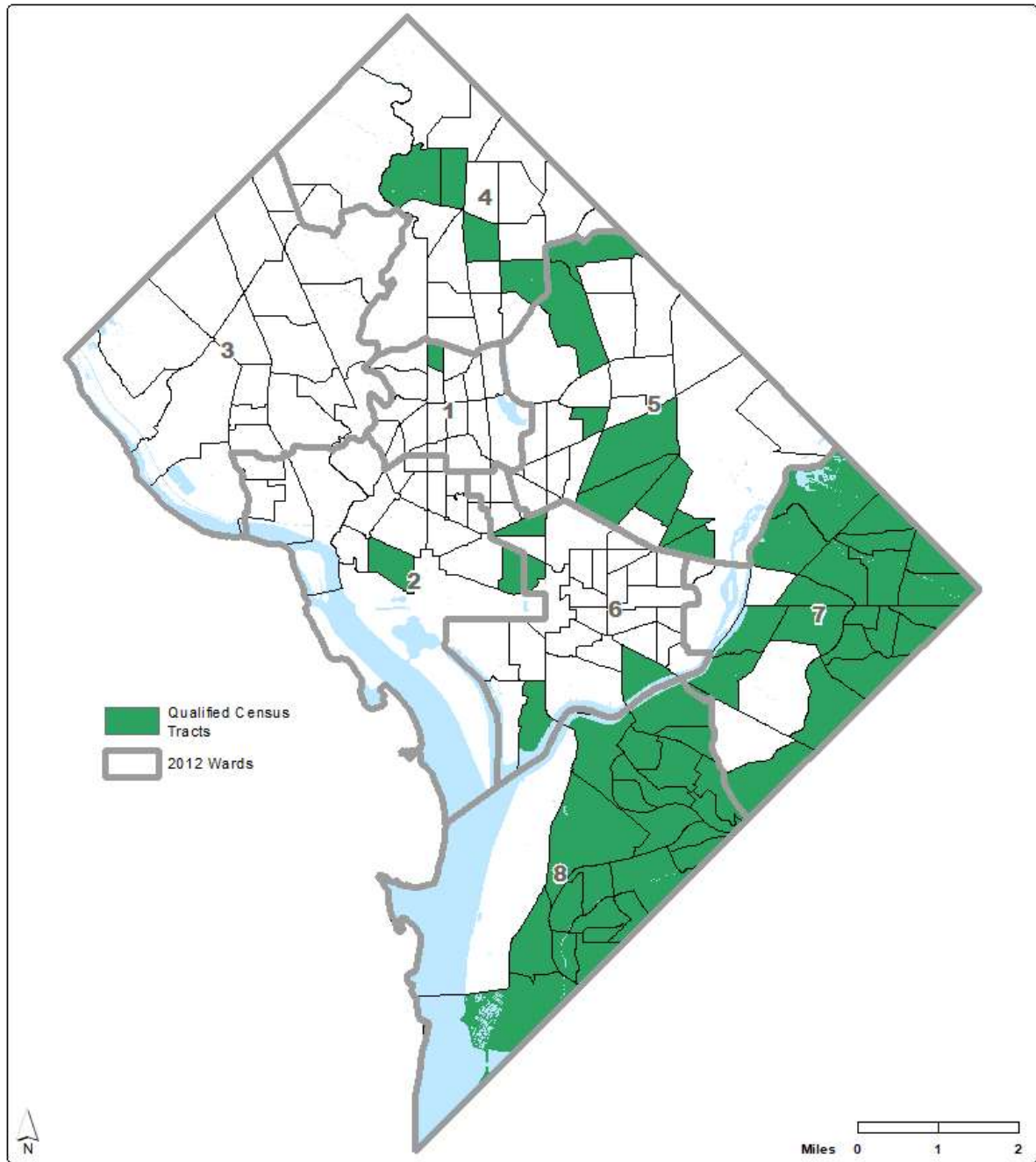
Following the guidance from Treasury, all households will be asked to provide a written attestation to their income together with available supporting documentation such as paystubs, W2s or other wage statements, IRS Form 1099s, tax filings, depository institution statements demonstrating regular income, or an attestation from an employer.

A household that is unable to provide sufficient documentation of income in a timely way may also be able to qualify for the program by providing the written attestation to their income, a brief description of why they are unable to provide sufficient documentation in a timely way and proof that the home that they are requesting assistance from as their primary residence is in a 2021 Qualified Census Tract (Map 4)<sup>16</sup>, which the District will use as a “fact-based proxy” for the household’s documentation as described in the Treasury Guidance.

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<sup>16</sup> HUD provides a tool to look up individual addresses here, [https://www.huduser.gov/Portal/sadda/sadda\\_qct.html](https://www.huduser.gov/Portal/sadda/sadda_qct.html). Retrieved 9/15/2021.

Map 4: Qualified Census Tracts



Office of Planning ~ September 15, 2021

Government of the District of Columbia

This map was created for planning purposes from a variety of sources. It is neither a survey nor a legal document. Information provided by other agencies should be verified with them where appropriate.

Source: HUD, 2022 Low-Income Housing Tax Credit Qualified Census Tracts

Finally, at its sole discretion, the District may provide waivers or exceptions to these documentation requirements as reasonably necessary to accommodate extenuating circumstances, such as disabilities, practical challenges related to the pandemic, or a lack of technological access by homeowners. In such cases, in keeping with the Treasury Guidance, the District will still seek the required determination regarding household income and document that determination in one of the ways described above.

### **Eligible Mortgage Types**

As indicated above, the District HAF program will offer a variety of mortgage assistance. The eligible mortgage types that can qualify a household for assistance include:

1. First Mortgages
2. Second Mortgages
3. Contracts for Deed or Land Contract (if it is a credit transaction secured by a consensual security interest in the dwelling)

The HAF program will also assist households with Reverse Mortgages (home equity conversion mortgages, single-purposes reverse mortgages or proprietary reverse mortgages) but this assistance will be for home charges such as property taxes or association fees that the owner-occupant is either in default on or has entered a repayment plan to repay such charges.

Finally, a household does not need to have a mortgage to be eligible for the District of Columbia HAF program design elements other than the mortgage-related assistance.

### **Program Targeting**

In general, assistance from the District's HAF program will be available across the entire District and will serve households up to 150% of the area median Income (AMI) (See table 11).

Table 11: FY 2021 HAF Income Limits Summary for Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area

	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7-Person	8-Person
Greater of 100% AMI or 100% U.S. Median Income	\$90,300	\$103,200	\$116,100	\$129,000	\$139,350	\$149,650	\$160,000	\$170,300
Greater of 150% AMI or 100% of U.S. Median Income	\$135,450	\$154,800	\$174,150	\$193,500	\$209,000	\$224,500	\$239,950	\$255,450

Source: US Department of Housing and Urban Development, <https://www.huduser.gov/portal/datasets/haf-il.html>, retrieved September 7, 2021.

However, as the discussion of the need for HAF assistance indicated, most vulnerable households in the District have incomes below this threshold. Furthermore, the guidance from Treasury (August 2, 2021 p. 6) states:

“Not less than 60% of amounts made available to each HAF participant must be used for qualified expenses that assist homeowners having incomes equal to or less than 100% of the area median income or equal to or less than 100% of the median income for the United States, whichever is greater. Any amount not made available to homeowners that meet this income-targeting requirement must be prioritized for assistance to socially disadvantaged individuals, with funds remaining after such prioritization being made available for other eligible homeowners.”

Socially disadvantaged households and those earning less than 100% of AMI (Table 11) will be prioritized in program design in a number of ways. First, applications from lower income households will be provided priority for resources within the program elements. Second, as indicated in the term sheets (Appendix), most program elements will be limited to households earning 100% of AMI or less. Third, for the District of Columbia Mortgage Reinstatement Program Element, where the income limit is 150% of AMI, households with incomes above 100% of AMI must provide a written attestation to being socially disadvantaged according to the Treasury Definition using a form provided by the District.

Further prioritization of these lower income and socially disadvantaged communities will occur within the program’s implementation. An example of this in the current plan is the use of Qualified Census Tracts as fact-based proxies to expedite the income qualification of owner-occupants in the lowest income neighborhoods (Map 4). The District’s outreach and advertisement plan for the regular HAF program will similarly target socially disadvantaged households with below median incomes starting with the Zip Codes identified above as being the most impacted.

The District reserves the right to change these income limits within the constraints of the federal guidance and statute to better serve its residents if such a change is indicated by the ongoing assessment of the needs of eligible homeowners and program resources described above.

Finally, the program will prioritize those facing an imminent of foreclosure or homelessness for counseling and assistance. In this vein, households that in their application or during its review present as meeting any of the following conditions will be required to meet with a housing counselor:

- Their monthly mortgage expenses are 40% or more of their income.
- They have arrearages that date to a time before January 21, 2020, i.e. housing cost concerns that pre-date COVID.
- If the household is making a second request for HAF assistance after having previously received HAF assistance.

### **Public Communication Campaign**

The District will engage in a public communications campaign to raise awareness among targeted populations about the availability of HAF resources in television, newspaper, broadcast and digital. We will work with advertising outlets to primarily target the following populations:

- Homeowners earning less than 100% of area median income
- members of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society;
- resident of a majority-minority Census tract;
- individual with limited English proficiency

The District will make public communications to targeted populations available in English and Spanish (Español). DHCD will work with the Executive Office of the Mayor's Office of Community Affairs and the constituency offices for African Affairs and Asian and Pacific Island Affairs to promote HAF resources in the following languages proactively and upon request: Amharic (አማርኛ); French (Français); Korean (한국어); Mandarin (中文); Vietnamese (Tiếng Việt).

### **Outreach**

The outreach for the program and the program design will also be targeted to reach as many socially disadvantaged eligible households and those below 100% of area median income.

Here again DHCD will work with the Executive Office of the Mayor's Office of Community Affairs and the constituency offices for Latino Affairs, African Affairs and Asian and Pacific Island Affairs to

conduct outreach to targeted populations in the following languages: Amharic (አማርኛ); French (Français); Korean (한국어); Mandarin (中文); Vietnamese (Tiếng Việt).

#### Access to Counseling and Legal Services

The District will facilitate access for eligible households to housing counseling and legal services. Along with providing informational briefings and trainings for interested counseling and legal services groups to enable them to better assist their clients, the District will establish formal relationships with some of these groups following the District's grant making, contracting and procurement requirements. The Department of Housing and Community Development currently has existing grant relationships with the following providers funding housing counseling that have indicated that they are willing and able to support homeowners receiving assistance under the HAF program.

Table 12: DHCD Assisted Housing Counseling Providers

Provider Name	Provider Access	Provider Website	Provider Primarily serves LMI households	Provider Addresses Impacts of Housing Discrimination
Emory Beacon of Light	6100 Georgia Avenue, NW Washington, DC 20011	<a href="http://www.emorybeaconoflight.org">www.emorybeaconoflight.org</a>	X	X
Neighborhood Legal Services	64 New York Avenue NE, Suite 180 20002	<a href="http://www.nlsp.org">www.nlsp.org</a>	X	X
Housing Counseling Services	2410 17 <sup>th</sup> Street NW Adams Alley, Suite 100 Washington, DC 20009	<a href="http://www.housingetc.org">www.housingetc.org</a>	X	X
Legal Counsel for the Elderly	601 E Street NW Washington, DC 20049	<a href="https://www.aarp.org/legal-counsel-for-elderly/">https://www.aarp.org/legal-counsel-for-elderly/</a>	X	X
Lydia's Housing	414 Martin Luther King Avenue, Washington, DC 20032	<a href="http://www.lh4us.org">www.lh4us.org</a>	X	X
Marshal Heights Community Development Organization	3939 Benning Road, NE, Washington, DC 20019	<a href="http://www.mhcdo.org">www.mhcdo.org</a>	X	X
Central American Resource Center (CARECEN)	1460 Columbia Rd, NW, #C-1 Washington, DC 20009	<a href="http://www.carecencdc.org">www.carecencdc.org</a>	X	X
Greater Washington Urban League	2901 14 <sup>th</sup> Street, NW Washington, DC 20009	<a href="http://www.gwul.org">www.gwul.org</a>	X	X
United Planning Organization	301 Rhode Island Avenue NW Washington, DC 20001	<a href="http://www.upo.org">www.upo.org</a>	X	X
University Legal Services	220 I Street NE STE 130 Washington, DC 20002	<a href="http://www.uls-dc.org">www.uls-dc.org</a>	X	X

In addition to these providers, the District has also had discussions with the following groups about supporting homeowners receiving assistance under the HAF program. These organizations are assisting the District in implementing the HAF-Pilot program.



Table 13: Organizations Providing Assistance with the District’s HAF-Pilot Program

Provider Name	Provider Access	Provider Website	Provider Primarily serves LMI households	Provider Addresses Impacts of Housing Discrimination
Latino Economic Development Center	1401 Columbia Road, NW, Unit C-1 Washington, DC 20009	<a href="http://www.ledcmetro.org">www.ledcmetro.org</a>	X	X
Manna	<p><u>HQ</u> 6856 Eastern Avenue, NW, Suite 100 Washington, DC 20012</p> <p><u>SE Office</u> Appointment Only 3425 A Street, SE, Suite 101 Washington, DC 20019</p>	<a href="http://www.mannadc.org">www.mannadc.org</a>	X	X

#### Targeting Specific Groups of Homeowners

The District will conduct outreach specifically tailored to target potentially eligible households that have mortgages or mortgage assistance contracts held or backed by the District. The District will also work with mortgage servicers and HUD and other federal agencies to reach households that have mortgages backed by any of the Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA). The District will also work with servicers and other financial institutions to reach targeted households with other private mortgages.

As noted in the discussion of homeowner need at the start of this plan, the District will also target outreach to homeowners in condominium and other common interest communities<sup>17</sup> as these households face a significant threat of expedited foreclosure and eviction actions.

#### Efforts to Address Barriers for Potentially Eligible Homeowners Including Those Who Have Limited English Proficiency or Who are Disabled

- Any application information and materials will be available in English and Spanish (Español). The District will evaluate the need for other languages and make available requests for translations into Amharic (አማርኛ), French (Français), Korean (한국어), Mandarin (中文), Vietnamese (Tiếng Việt).
- The District will work with plain language and our own communications experts to ensure application information and materials are simple to understand and read at a 9<sup>th</sup> grade level or lower.

<sup>17</sup> For Limited Equity Coops, carrying charges have been eligible under the District’s STAY rental assistance program (stay.dc.gov).



### **Section 3 Performance Goals**

Based on the analysis above relating to the magnitude of the delinquency and forbearance experienced by low-income and non-White and Hispanic owner-occupants in the District, and the expected magnitude of the resources available to this program, \$50 million, the District proposes the following performance goals for the HAF program.

Table 14: Performance Goals

Program Design Element	Metrics of Success	Goal*
Mortgage payment assistance	Number of households assisted	Assist 250 households
Allow homeowners to reinstate mortgages or pay other housing related costs	Number of households assisted	Assist 1000 households
Payment assistance for homeowner's utilities (e.g., electric, gas, home energy, and water)	Number of households assisted	Assist 500 households
Payment assistance for homeowner's internet service (e.g., broadband)	Number of households assisted	Assist 250 households*
Payment assistance for homeowner's, flood, and mortgage insurance	Number of households assisted	Assist 250 households
Payment assistance for homeowner's association fees or liens, condominium association fees, or common charges	Number of households assisted	Assist 500 households
Payment assistance for down payment assistance loans provided by nonprofit or government entities	Number of households assisted	Assist 300 households
Payment assistance for delinquent property taxes to prevent homeowner tax foreclosures	Number of households assisted	Assist 200 households

\* Goals do not sum to a total number of households assisted as a single household may be assisted by multiple program design elements.

As noted above, the following program features listed in the HAF plan portal are part of program elements that will not be implemented in the immediate emergency response to the end COVID-19 Public Health Emergency foreclosure and eviction protections but the District intends to assess the ongoing needs of eligible homeowners and may opt to implement them within the year after the initial HAF response should programs funds be available and these program elements are determined to be an effective use of the funds. With funding uncertain, specific goals are currently not provided for these program design elements.

Table 15: Additional HAF Programs for Later Consideration

Mortgage principal reduction	Number of households assisted	TBD
Facilitating mortgage interest rate reductions	Number of households assisted	TBD
Measures to prevent homeowner displacement (Includes home repair program element)	Number of Households Assisted	TBD

Appendix

District of Columbia HAF Program

Draft Term Sheets for Program Elements

(Provided as a separate document)