

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Housing and Community Development



**Fiscal Year 2023 Department of Housing and Community Development
And Housing Production Trust Fund Budget Oversight Hearing**

Testimony of
Drew E. Hubbard
Interim Director

March 30, 2022

Before the
Committee on Housing and Executive Administration
Council of the District of Columbia
The Honorable Anita Bonds, Chairperson

Virtual Hearing via Zoom

12:00 PM

Good afternoon, Chairperson Bonds and members of the Committee on Housing and Executive Administration. I am Drew Hubbard, Interim Director of the Department of Housing and Community Development (DHCD) and I am joined by Beth Spooner, the agency's fiscal officer. I am excited to testify before you today on Mayor Bowser's Fiscal Year 2023 budget for DHCD and the Housing Production Trust Fund (HPTF).

Mayor Bowser's Fiscal Year 2023 budget builds upon the Recovery Budget passed last year and will support Washingtonians as we seek to build a safer, stronger, healthier, and more equitable post-pandemic DC.

This budget addresses the very real anxiety residents feel about their future in DC with investments that seek to end chronic homelessness and address residents at-risk of gun violence while providing the world-class city services and infrastructure that DC residents expect.

In addition, this budget recognizes that housing not only lies at the center of our economic recovery but the homes we live in are the foundation of our wellbeing and security.

It is DHCD's mission to produce and preserve affordable housing for low- and moderate-income residents and to revitalize underserved neighborhoods in the District of Columbia and we work towards that every day.

Meeting our Affordable Housing Goal

As you know, in 2019 we set the ambitious goal to add at least 12,000 homes to the District's stock of affordable housing. The FY 2023 budget before you keeps this target in our sights. The FY 2023 budget will deliver over 2,500



new affordable homes through our historic \$500 million investment in the Housing Production Trust Fund.

Historic investments in the Housing Production Trust Fund and the preservation of existing affordable housing have been a hallmark of Mayor Bowser's administration from day-one. This budget builds on reforms introduced in last year's budget, and explicitly provides DHCD with all the project-based Local Rents Supplement Program vouchers (LRSP) it requires to deliver the deeply affordable housing in its pipeline serving extremely low-income residents. Already, this new approach to budgeting LRSP has allowed DHCD to request, and receive, more deeply affordable units from the respondents to its 2021 Consolidated Request for Proposals than would have been possible in the past.

HPTF Accountability and Transparency

The changes made to the budgeting of LRSP improves the ability of the Mayor to deliver permanent homes for our lowest income households. Almost as important, however, is that this change improves the transparency of our intentions within the budget process. Looking at this year's budget, the public can separate the investment we continue to make in those with existing assistance from the new commitments we are making to provide deeply affordable housing to more District residents.

Improving the accountability and transparency of our agency is a top priority for me. We are working to make the selection and delivery of affordable housing using the District's resources not only efficient and effective but also more transparent and accountable. I am committed to continuing to work with you to update the HPTF transparency and accountability regime to adequately reflect the contributions of the Trust Fund as it is used today, over 30 years after the enabling



legislation. Again, I call your attention to the “Housing Production Trust Fund Income Targeting Accountability Act of 2019” which was introduced on our behalf. Reporting along the lines outlined in that bill would allow District residents to judge HPTF performance by the projects the agency selects and the projects we deliver under my leadership.

I look forward to continuing those discussions and arriving at a reporting system that meets the needs of all the participants in funding and delivering affordable housing in the District of Columbia, including taxpayers, our development partners, and the residents we serve.

Preserving Homeownership

As a part of her budget announcement, Mayor Bowser discussed a number of “Legacy Initiatives” to help longtime District residents stay in the city.

I am most excited about a new Heirs Property program that DHCD will administer. This program will provide one million dollars in its first year to assist low- and moderate-income families to resolve and maintain the ownership of their family property after the original homeowner has passed on.

Historically, the presence of so-called “heirs property,” where a family does not have clear title to a home after a family member dies without a will or for other reasons fails to complete the probate process, this has been a major limitation to the ability of low- and moderate-income communities to pass on family housing and benefit from inherited housing wealth.

This initiative will provide legal and financial assistance to low-and moderate-income families to remove these barriers.

A similar barrier to passing down generational wealth by remaining in the city is the cost of home maintenance, particularly for large and important projects



such as replacing a roof. This budget provides an additional \$3 million for the Single-Family Residential Rehabilitation Program, to help low-income homeowners fix and maintain their homes. A rejuvenated program is set to replace more roofs and repair more homes than at any time in the program's history this year and the program will continue to innovate to deliver for the District's low-income homeowners.

DHCD is also the lead agency implementing the federal Homeowner Assistance Fund (HAF). After a successful pilot program to assist low-income condominium owners in Wards Seven and Eight affected by Covid with the costs of homeownership, DHCD is implementing the full program citywide this year to stabilize homeowners across the District in the wake of the pandemic. This program will continue to assist District homeowners in Fiscal Year 2023 and beyond.

Other related legacy initiatives include:

- a Black Homeownership Fund and Strikeforce that includes a new ten-million-dollar initiative to preserve and increase access to homeownership for longtime Black DC residents;
- lowering the cap on annual increases in property taxes for seniors from 5 percent to 2 percent
- \$2.6 million to help residents in flood prone areas, especially in Wards 7 and 8, to retrofit their homes to reduce the risk of damage; and
- \$10 million to make energy-efficiency improvements and remediate lead and mold hazards to improve both the health and comfort of residents.



While DHCD will not be the lead agency on these initiatives, they will complement our efforts and together form a comprehensive strategy to assist District residents in becoming homeowners and to benefit from the homes they own.

Increasing Homeownership

It is important that we not only preserve existing homeownership, but we must also increase homeownership. This budget continues a long tradition of assisting new homeowners with increased budgets for the Home Purchase Assistance Program (HPAP) and the Employer-Assisted Homeownership Program (EAHP) at \$21 million and \$6 million respectively, an increase of \$3 million across the two programs from FY22 levels. The budget would also increase the maximum assistance from HPAP for the lowest income prospective homeowners from \$80,000 to \$202,000.

Support for Housing Counseling and Community-Based Organizations

In the FY23 budget, there is \$17.4 million in funding for our Neighborhood Based Activities Program grants which includes the \$1 million Heirs Property Fund and also \$12.3 million for housing counseling and \$4.1 million for small business assistance, a more than \$6.5 million increase from FY22 levels where we saw record funding for our community-based organizations and two new grantees.

Closing

Thank you again for the opportunity to testify today on the DHCD and HPTF portions of Mayor Bowser's Fiscal Year 2023 Budget. On behalf of the staff



of DHCD, I thank you for your partnership and support in serving the residents of the District of Columbia. I look forward to answering any questions you may have.

