

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



**Fiscal Year 2022-2023 Performance Oversight Hearing**

Testimony of

**Colleen Green**

Acting Director

Before the

Committee on Housing

Council of the District of Columbia

The Honorable Robert C. White, Jr., Chairperson

Virtual Meeting Platform

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Good morning, Chairperson White and members and staff of the Committee on Housing. My name is Colleen Green, and I am the Acting Director of the Department of Housing and Community Development (“DHCD”). I am joined today by Drew E. Hubbard, the Agency’s Deputy Director.

Today, I appear before you, on Mayor Bowser’s behalf, to testify and provide an overview of the agency’s performance for Fiscal Years 2022 and 2023, to date.

I would like to take a moment before we get started to express my sincere appreciation for the residents and our partners who testified today about their experiences with DHCD, especially those we are just hearing from today. Your valuable insights into what works and what does not will be incredibly useful to me and DHCD’s work going forward. I assure you that the staff and I are committed to continuing to serve you, including as we challenge ourselves to bring passion and personal experience to the workplace. Some of our staff are low income renters themselves, others prospective homeowners and more still, District residents navigating many of the same issues those who testified today discussed. So again, I thank you for your testimony.

As you are aware, on January 30th, I rejoined DHCD, having previously served the agency. Over the past two weeks, it has been my pleasure to learn of the great work the agency has done under Deputy Director Hubbard's exemplary interim



leadership. I am delighted to have Mr. Hubbard here today to add his valuable insights to my testimony.

Let me begin by outlining how DHCD works to achieve its goals. DHCD's mission is to produce and preserve affordable housing for low- and moderate-income residents and to revitalize underserved neighborhoods in the District of Columbia. And DHCD employs a variety of tools to achieve this mission.

In its role as a government financial institution, DHCD provides loans to nonprofit and for-profit developers to help build new affordable housing and preserve existing housing across the city. The agency skillfully combines and leverages local housing funds such as the Housing Production Trust Fund (HPTF) to deliver affordable housing. Other funds include federal dollars like the Community Development Block Grant (CDBG), Section 108, and HOME funds from the US Department of Housing and Urban Development (HUD), tax credits issued by the US Treasury, and bonds issued by the DC Housing Finance Agency. DHCD also uses operating and services assistance from the DC Housing Authority, Department of Human Services and Department of Behavioral Health. In addition, DHCD deploys an array of sustainable development financing in coordination with the Department of Energy and Environment.

In addition to creating new affordable units, DHCD also has a leadership



role in the preservation of our existing assisted and unassisted affordable units. Ensuring Washingtonians are not displaced from their homes, due to factors outside of their control, is fundamental to our mission. DHCD's Housing Preservation Fund, Single-Family Residential Rehabilitation Program, the Homeowner Assistance Fund, and the soon-to-be-implemented DC Heirs Assistance Program, are all examples of programs designed to keep people safely and affordably in their current homes.

Owning one's home can be an important path to wealth building and inter-generational success. Becoming a homeowner is an important goal for many Washingtonians. To help them reach this milestone, DHCD oversees the District's premier homebuyer programs; the Home Purchase Assistance Program, the Employer Assisted Housing Program, and the Negotiated Employee Affordable Home Purchase Program.

Furthermore, through our Community Based Organizations (CBO), DHCD provides housing counseling services to our residents to help get them on the path to becoming first-time homebuyers.

DHCD also has a regulatory role in administering the Rental Housing Act, the Condominium Conversions and Sales Act, and Inclusionary Zoning. As a regulator, the agency balances the needs of tenants and the interests of housing



providers, aiming to create a more transparent and stable housing market as provided by law. The Inclusionary Zoning program also assists households in matching with affordable units that are mandated in many newly constructed housing developments.

As noted in our mission statement, DHCD also supports community stabilization and development. This includes transforming vacant and abandoned properties into homeownership opportunities through our Property Acquisition and Disposition Division. Residents can use HPAP and other down payment and mortgage assistance programs to achieve the dream of homeownership by purchasing these properties. Other sites become affordable rental or managed green space opportunities for District residents. All contribute to neighborhood stability by returning the properties to active use.

Using our CDBG funds, the agency also helps small businesses through its Small Business Technical Assistance and Façade programs. CDBG can also assist in the development of community facilities, including two facilities not far from our offices in downtown historic Anacostia.

Finally, to fulfill these duties, DHCD has a Portfolio and Asset Management Division, an Office of Program Monitoring, and a General Counsel's office to assure that District residents, the agency, and our



development and service partners are adhering to the law and meeting the expectations of District residents. DHCD's management of its \$1.6 billion loan portfolio aims to ensure that historic investments in affordable housing can remain a sustainable and productive program for years to come.

For the remainder of my testimony, I will provide an overview of some of DHCD's accomplishments in meeting its priorities over the past year.

### **Increasing Housing Production**

In 2019, Mayor Bowser set a goal for the city to produce 36,000 new units of housing for District residents at every income level. She also set the goal of 12,000 new units of affordable housing, both through new construction and existing buildings that currently do not have affordable housing protections.

As of the end of calendar year 2022, over 22,500 new units have been built overall which is almost 75 percent of the 36,000 goal. Almost 5,000 of these newly constructed units counted toward the affordable housing goal. Another over 1,500 new 'rent and income restricted' affordable units were established within existing properties that did not previously have affordability requirements. Thus, with a total net increase of almost 6,500 affordable units, we are now 54 percent of the way toward meeting our affordable housing goal.

As we are all aware, the Housing Production Trust Fund, which DHCD



manages, has been the star performer in our progress to-date.

Since the start of the Bowser Administration in 2015, the HPTF has provided gap financing to projects that have produced and preserved over 8,000 affordable housing units. In Fiscal Year 22 alone, the agency closed \$129 million in HPTF loans to 7 projects. This funding will create over 700 affordable units in Wards 4, 6, 7, and 8, 71% of which will be affordable to households earning less than 50% of Area Median Income (AMI), or \$71,150 for a family of four.

When Mayor Bowser committed to funding the HPTF at a minimum of \$100 million annually, DHCD and our agency housing partners' swiftly and effectively deployed funding at that level. If you visit our quarterly HPTF reports and annual audits posted on our website it will be clear that DHCD has done a remarkable job of committing and expending the HPTF on important affordable housing projects in all eight wards.

DHCD's efficiency in allocating the HPTF was enhanced by efforts, in cooperation with this committee and the full Council, to allow DHCD to "forward commit" expected HPTF resources once an annual budget is passed. This allows us to keep our affordable housing pipeline moving as we wait for budgeted funds to become available at the start of the fiscal year.

This is especially important because it means that despite Mayor Bowser's and



the Council's unprecedented commitment to the HPTF, which has resulted in over \$1 billion in local investment since 2015, the HPTF and our other affordable housing resources are quickly committed and we need to continue to find ways to improve the efficiency with which we allocate our resources to maximize the return for District residents.

Recognizing this, last fall, DHCD worked with the Housing Finance Agency and the Deputy Mayor's office to implement a new process for our Consolidated RFP and private activity bond allocations. This new process, announced recently, will provide set funding opportunities in January and July each year. This will provide predictability to the market and keep our pipeline of affordable projects fresh with projects that are ready to develop.

Increasing efficiency is only part of the answer. As we continue to see costs, both in construction and operation go up and our federal funding allocations remain relatively flat, we know the District will also need to continue to make significant contributions of its own through the HPTF and other local programs to be successful in meeting our affordable housing goals.

The agency has also made changes to invest its resources *better*. We are now implementing a new project-based Local Rent Supplement Program (LRSP) budgeting process specially designed to efficiently deliver homes for extremely





low-income households, those earning 30 percent AMI or less. Though in its first year, we expect this proactive budget planning tool to deliver more deeply affordable units for this population within the next few years than was previously possible. Along with allowing the agencies to better plan the delivery of LRSP assisted units, it also is a more transparent process that allow us, along with our partners, to be held more accountable for our performance in delivering these units.

Similarly, we thank the Council for working with us to pass the “Housing Production Trust Fund Accountability and Transparency Amendment Act of 2022”. With these updated reporting requirements, we will now be able to more clearly show and discuss with you our efforts to meet the HPTF goals.

New affordable housing is not delivered through government financing alone. For example, as part of the Inclusionary Zoning (IZ) program, affordable housing is set aside as part of the zoning process in new private, market-rate developments with more than 10 units. This housing is affordable to low- income households, earning from 50 percent to 80 percent AMI and the units remain affordable for as long as the building is being used for residential purposes. In Fiscal Year 2022, the IZ program brought 380 new affordable units to the market, raising the program’s total to 2,000 units.

At this point I want to emphasize the Mayor’s recently released “Comeback



Plan” for the revitalization of the District’s economy after Covid. Providing new housing for a wide range of District residents across the entire city, including Downtown, is not only a human services imperative, it is also central to the economic growth and prosperity of our city.

To gain ground on our affordable housing challenges, however, it is not enough to build new affordable housing, we must preserve it as well. DHCD meets the challenge in many ways from the good oversight of our portfolio to establishing a Preservation Unit within DHCD to administer preservation programs and solve problems in a rapidly changing real estate market.

One of the key tools we utilize to preserve affordable housing is the DC Housing Preservation Fund, where District funds are leveraged with private dollars. Our partners in this fund are three community development finance institutions – LISC, LIIF, and Momentum Capital – that work to quickly acquire and stabilize at-risk properties.

In Fiscal Year 22 and 23, to-date, this fund has preserved 840 affordable units in 10 properties. Since the fund began operations in 2019, over 2,350 affordable units have been preserved. In three-quarters of these properties, tenants have been empowered to shape their future through the Tenant Opportunity to Purchase Act (TOPA). In the last few months, for example, tenant associations in



the H Street, Columbia Heights, and Manor Park neighborhoods bought their buildings and formed limited equity cooperatives using the fund.

DHCD has also enhanced its affordable housing preservation resources through the revival of its HUD Section 108 program. This was only possible after DHCD reestablished its record for stable program management with HUD over the past few years. As a result, a portion of these funds are now being used to establish an innovative revolving loan fund to facilitate the acquisition and substantial rehabilitation of existing affordable rental properties and Limited Equity Cooperatives.

We also work to preserve homeownership through programs such as the Single-Family Residential Rehabilitation Program (SFRRP) and the Homeowner Assistance Fund. This year the Single-Family program implemented its minor repairs contract allowing smaller projects, as well as temporary repairs to be completed quickly. Using this program to patch roofs, for example, can provide immediate relief for the homeowners, remove safety concerns, and save time and money on larger jobs by halting further deterioration of the home while the project completes its full scope of work. Along with other improvements to the application and contracting process, the program is now able to assist more homeowners and start assisting them sooner. The progress from these reforms is already being felt



and with three times as many projects completed in Fiscal Year 22 than in any year in the recent past. DHCD plans to keep on this upward trajectory in Fiscal Year 23.

We have also made recent progress with the Homeowner Assistance Fund, a new program launched last year funded with \$50 million in federal pandemic relief funds. As of January 27, 2023, over 2,000 applications have been submitted through the HAF Application Portal. In this time, almost \$14 million of HAF funds have been either paid or are in progress to be paid to over 600 approved households. The majority of these approved payments are to mitigate direct threats of foreclosure and housing displacement, with almost \$11 million going toward mortgage payments and nearly \$2 million payments to condominium and cooperative associations. The pace of payments in this program will accelerate rapidly in the coming months as mortgage servicers, condominium associations and others due to receive the assistance are increasingly engaging with the program.

### **Equitable Distribution of Housing**

Thus far, I have discussed at length how we produce and preserve affordable housing and meet the needs of lower income District residents. The District's housing production and distribution goals, however, are not only to produce more affordable housing, but to make our housing policy equitable. To that end, our housing agency partners have been directed to make certain



that the affordable housing we create is more equitably distributed across the city and provide an opportunity for every neighborhood in the city to contribute.

Committing to the “Housing Framework for Equity and Growth,” in 2019, Mayor Bowser set specific targets for increases in affordable housing by neighborhood so that the opportunities for District residents looking for affordable housing are not limited to just a few neighborhoods. DHCD has reflected these targets in existing programs and has developed new programs to leverage existing developments in high cost and high opportunity areas. As a result, we have seen a measurable increase in proposals from parts of the District with little affordable housing.

### **Home Ownership**

In June Mayor Bowser convened the Black Homeownership Strike Force to address the widening gap in Black homeownership. In October it issued a report that included recommendations to see 20,000 Black families become homeowners in the District by 2030.

Already, the Agency has implemented new levels of assistance in the HPAP program raising the maximum assistance a homebuyer can receive from \$80,000 to \$202,000. And in the next few weeks, the agency will begin implementing a new



program to help District residents maintain ownership of a family home when a family member dies. Both of these measures were proposed in the FY 23 budget, as a downpayment as we work on addressing the recommendations of the Strike Force. In Fiscal Year 22 alone, HPAP helped 232 families with loans worth \$13.5 million. Nearly 75% of the loans were to Black families.

### **Taking the Lead**

Before concluding my testimony, I want us to recognize that as a result of its commitment to producing affordable housing, the District is now recognized regionally and even nationally as an affordable housing leader that has made tough decisions and implemented innovative policies to achieve its goals. And the District has used its example to push the region to take its affordable and fair housing responsibilities seriously. Through the Metropolitan Council of Governments, the District has been the leader in the establishment of regional housing goals and, most recently, the drafting of a Metropolitan Washington Regional Fair Housing Plan. I am proud to say DHCD staffed this multi-year effort on behalf of the District and I encourage District residents to read the draft plan and submit comments to move not just the District but our entire region forward. In 2023 we will continue to lead.



## **Conclusion**

As Acting Director of DHCD, I am grateful to be able to have this opportunity to share the Agency's accomplishments and I look forward to continuing and improving this work and returning next year to share with the Committee even greater achievements. I have touched on some of the top priorities for DHCD for Fiscal Year 2022.

As I laid out at the beginning, DHCD's responsibilities and activities encompass much more than I have been able to highlight here. I am confident that DHCD will continue to fulfill our mission by creating and preserving affordable housing, supporting economic development, and promoting strong communities for all District residents. I look forward to working with the community get to know the agency and all of its offerings better.

I would like to thank my predecessors, and in particular Drew Hubbard who served as Interim Director, for providing me with such a strong foundation and dynamic agency with which to carry out the Mayor's vision for a prosperous and welcoming DC in which everyone has a fair shot, whether they have been here for five generations or five minutes. Most of all I would like to thank the Mayor for her leadership and her trust.

Finally, I would like to thank the staff of DHCD on whom all the



accomplishments I have reviewed, and all our future accomplishments, depend.

Going forward, we are committed to being responsive to District residents and our partners concerns and policy suggestions in a timely way. There is an expectation of good service each time constituents and partners contact the agency.

Thank you.

I am available to answer any questions you may have.

