

**Testimony of Doni Crawford, Policy Analyst  
At the Performance Oversight Hearing on the  
Department of Housing and Community Development  
Committee on Housing and Neighborhood Revitalization  
January 28, 2020**

Good morning, Chairperson Bonds and members of the Committee. Thank you for the opportunity to speak today. My name is Doni Crawford, and I am a policy analyst at the DC Fiscal Policy Institute (DCFPI). DCFPI is a non-profit organization that promotes budget choices to address DC's racial and economic inequities in the District of Columbia, through independent research and policy recommendations.

I would like to focus my testimony on improving the performance of the Housing Production Trust Fund (HPTF); and the promising progress of the Home Purchase Assistance Program (HPAP).

### **DHCD Puts HPTF Dollars to Work – But More Is Needed**

A much greater investment in the HPTF in FY 2021, to the tune of \$250 million, would put us on the path to addressing the bulk of our affordable housing challenges.

Creating more affordable housing is critical to addressing DC's racial inequities. Black residents bear the brunt of DC's affordable housing crisis – from making up the majority of households with low-incomes that pay more than half their income on rent, to representing over 90 percent of public housing residents, a source of housing that continues to be at risk.<sup>1</sup> And as rent prices continue to skyrocket, the Black median household income in DC is \$45,200 and hasn't improved over the past decade, while the median household income for white households has been growing and is now three times higher at \$142,500.<sup>2</sup>

In FY 2019, the Department of Housing and Community Development (DHCD) committed \$123 million from the HPTF to support the creation and preservation of nearly 1,000 affordable homes.<sup>3</sup> We look forward to learning more about the HPTF's performance in DHCD's committee responses and testimony next month.

While it is clear that DHCD continues to put the HPTF to work, these efforts have only met a small share of the need. Some 27,000 households with extremely low-incomes face severe housing hardship, yet the District has only funded about 3,000 new rental units for these residents since 2015.<sup>4</sup> Recent comments by the Mayor and DHCD at the *New Year, New Housing* event demonstrate substantial capacity and interest by the development community to meet our affordable housing needs. In the last round of HPTF applications, DHCD received 37 requests for gap financing, which totaled over \$370 million - over three times the amount of HPTF that is currently available.<sup>5</sup>

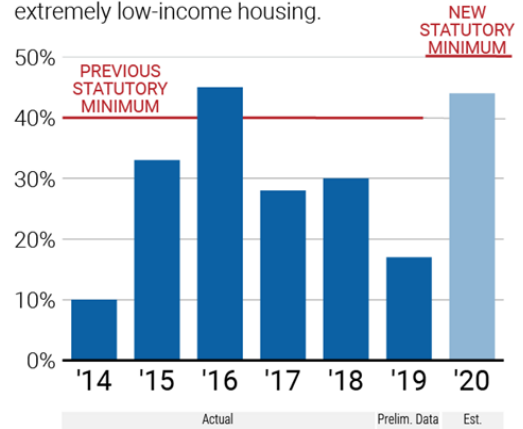
## Continuing Lack of Compliance with HPTF Income-Targeting Requirements

As important as putting HPTF dollars to work is ensuring that those resources are deployed in a way that addresses DC’s most urgent housing needs and is aligned with DC law. Until FY 2020, DC law required 40 percent of HPTF resources to support housing for residents with extremely low-incomes (those with incomes up to \$36,400 for a family four). DHCD had met this targeting requirement only once in the last six years. One key driver of the lack of targeting compliance is that the District has not provided enough new operating subsidies for affordable buildings through the Local Rent Supplement Program (LRSP). The FY 2020 budget was the first time that the District appropriated the correct amount of funding for LRSP tied to projects, which should assist DHCD in meeting the 40 percent targeting requirement (*Figure 1, right*).

However, new language incorporated into the last Budget Support Act, thanks to this committee, now requires 50 percent of HPTF resources be used to support housing for DC residents with extremely low-incomes. DHCD should intensify its existing HPTF selection criteria to prioritize extremely low-income housing. DHCD should also proactively partner with the DC Housing Authority each year to ensure that the amount of LRSP funding requested from the Mayor and Council is enough to meet its new statutory goal.

### Housing Production Trust Fund Estimated to Dedicate 44% of Resources to DC’s Lowest-Income Residents

Share of funds obligated in fiscal year to extremely low-income housing.



Note: For FY 2019, DHCD provided preliminary data, expected to increase. FY 2020 estimate is based on DCFPI analysis of approved budget figures. FY 2020 will now have a 50% statutory minimum. Source: Dept. of Housing and Community Development, 2018-2019.

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## HPTF Audit and the Adoption of the HPTF Transparency Amendment Act of 2019

Last year, a report on the HPTF by the Office of the DC Auditor (ODCA) revealed that the DHCD Director’s discretion led to the selection of lower-ranked projects with 353 fewer affordable housing units than staff-recommended projects, 95 of which were deeply affordable.<sup>6</sup> We encourage the District to adopt the Auditor’s recommendation by passing the HPTF Transparency Amendment Act of 2019 with amendments.<sup>7</sup> The law should include requiring public justification any time the DHCD Director uses discretion in the selection process, especially when selecting lower ranked projects with fewer deeply affordable housing units.

## Not a Panacea, but the Promising Progress of the Home Purchase Assistance Program

Finally, we have likely all seen the report that DC has the highest intensity of gentrification of any U.S. city and that it has lost more than 20,000 Black residents from 2000 to 2013.<sup>8</sup> Homeownership is not a panacea and for many, can do more harm than good. But given how policymakers and private actors systematically shut out Black residents from homeownership opportunities for much of our history, I am heartened to see that the Home Purchase Assistance Program (HPAP) is assisting many first-time Black homeowners across various income levels.

In FY 2018, over 70 percent of HPAP assistance went to first-time Black homeowners and assistance across all races was nearly evenly distributed across 50, 60, and 80 percent of median family income.<sup>9</sup> In the future,

DHCD should track the percentage of HPAP recipients who are native and longtime DC residents, to assess how well this program is working to retain long-term residents. I look forward to reviewing DHCD's final HPAP reporting numbers for FY 2019 and learning more about the program's progress.

Thank you for the opportunity to testify and I am happy to answer any questions.

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<sup>1</sup> Department of Housing and Community Development, [HUD 2018/2019 Consolidated Annual Performance Evaluation Report \(CAPER\)](#), November 19, 2019, pg. 61

<sup>2</sup> Doni Crawford and Kamolika Das, [Black Workers Matter: How the District's History of Exploitation & Discrimination Continues to Harm Black Workers](#), DC Fiscal Policy Institute, January 28, 2020.

<sup>3</sup> Government of the District of Columbia, [Mayor Muriel Bowser's 2020 Accountability Report](#), Office of the Mayor, January 13, 2020, pg. 7

<sup>4</sup> Claire Zippel, [Building the Foundation: A Blueprint for Creating Affordable Housing for DC's Lowest-Income Residents](#), DC Fiscal Policy Institute, April 4, 2018.

<sup>5</sup> Jon Banister, [D.C. To Seek Developers For Sites In Shaw, Southeast As It Works Toward Housing Goal](#), Bisnow Washington DC, January 17, 2020.

<sup>6</sup> Office of the District of Columbia Auditor, [Low-Ranked Projects Secure Affordable Housing Funds](#), May 30, 2019, pg. 1, 7-8

<sup>7</sup> Doni Crawford, [Testimony of Doni Crawford At the Public Hearing on the Housing Production Trust Fund Transparency Amendment Act of 2019](#), DC Fiscal Policy Institute, June 17, 2019.

<sup>8</sup> Katherine Shaver, [D.C. has the highest 'intensity' of gentrification of any U.S. city, study says](#), Washington Post, March 19, 2019.

<sup>9</sup> Department of Housing and Community Development, [Department of Housing and Community Development FY18-FY19 YTD Pre-Hearing Responses](#), February 2019.