



**Testimony of Heather Raspberry, Executive Director  
Housing Association of Nonprofit Developers (HAND)  
Committee on Housing and Neighborhood Revitalization  
Budget Oversight Hearing on  
Department of Housing and Community Development and Housing Production Trust Fund  
June 8, 2020**

Chairperson Bonds and members of the Committee;

My name is Heather Raspberry. I am the Executive Director of the Housing Association of Nonprofit Developers (HAND). As a “change” association working across the private, public and nonprofit sectors, HAND is committed to leveraging the power of our diverse collective comprised of nonprofit and for-profit developers, financial institutions, property managers, service providers, government agencies, architects, syndicators, law firms, foundations, universities, and others, to address our region’s affordable housing challenge. The below testimony is centered on:

- The Housing Production Trust Fund (HPTF);
- The Affordable Housing Preservation Fund (AHPF); and
- The Local Rent Supplement Program (LRSP).

Long before COVID-19 was on our radar, we knew that safe, quality and affordable housing laid the foundation for thriving communities. In the wake of the pandemic, this truth has been underscored, as health experts and government officials have urged us all to stay home in order to stay healthy. Too many of our residents were already severely cost burdened, and compounded with massive job losses, the need for housing affordability is greater than ever before. Further, as many of us are reflecting on recent events of racial injustice across our nation and how to seek more equitable outcomes, we must not overlook housing. The legacy of redlining, racist zoning, restrictive covenants and other practices live on today, which have disproportionately shut out communities of color from sharing in our city’s prosperity. For these reasons HAND urges the Council to consider the below recommendations and appropriately fund these programs that are so desperately needed in the District.

**Housing Production Trust Fund (HPTF)**

The HPTF continues to be the primary tool that enables HAND members to create and preserve affordable housing across the District. Our organization calls for the District government to maintain its commitment to the preservation and creation of affordable housing by appropriating at least \$116M in the FY20 supplemental and \$120M in FY21 for the HPTF.

The FY19 and FY20 appropriations for the HPTF have already been spent or committed, and there is insufficient funding available for existing awardees of previous Consolidated RFP rounds to close this year or for awards to be made to projects that applied to the fall 2019 Consolidated RFP. 11 projects are facing delayed closings (more than \$80M would be needed for these projects to close), and 32 projects that applied to the fall 2019 Consolidated RFP are in limbo as they await guidance on when awards will be issued (these projects requested more than \$350M in total funding).

If significant investments are not made to support the affordable housing pipeline and a clear plan not established for making these investments, forthcoming affordable housing developments may be forced to forgo affordable housing covenants to continue operations or may have to be resold to developers interested in maximizing rent revenue, which are both options that don’t fare well for low-income tenant communities.

**Affordable Housing Preservation Fund (AHPF)**

Equally important as affordable housing production is preservation. HAND asks that the Council appropriate \$10M to the AHPF in FY21. Created by Mayor Muriel Bowser to serve as a public-private source for acquisition and critical repairs financing, the AHPF leverages public investments 3:1 with private investments, meaning even a small increase in public investment results in a much larger investment.

Among the benefits of preservation is that it is considered one of the most cost-effective ways to protect affordable housing units in the District, at just half to two-thirds of new construction costs. The AHPF has also become a critical source of acquisition and critical repairs financing for tenant associations exercising their Tenant Opportunity to Purchase Act (TOPA) rights.

The first loans made by the AHPF are not due until fall 2022, and because delays in Consolidated RFP awards have resulted in fewer early pay offs for these loans, the AHPF has not yet become a functioning revolving loan fund and still requires new investments to support the District's affordable housing pipeline.

### **Local Rent Supplement Program (LRSP)**

Project-based LRSP is critical to serving our most vulnerable neighbors. This program is used to produce new housing affordable to extremely-low-income households by providing operating subsidies as part of the development process. These homes are needed to: (1) meet the statutory requirements to use 50% of the Trust Fund at 0-30% of median family income (MFI); (2) meet the goals of the Homeward DC plan by supporting the production of Permanent Supportive Housing (PSH) in new developments (including the 5% now required in all DHCD-funded rental projects); and (3) allow the production of housing for people with extremely-low-incomes beyond the scope of the Homeward DC plan to serve additional individuals and families.

There is insufficient funding in the proposed FY20 budget supplemental and FY21 budget to create new project-based LRSP units. The Mayor's FY21 budget also contains a reduction of \$2.058M in project-based LRSP funding. To date, there are 1,553 project-based vouchers in circulation and an additional 798 are reserved, committed, or under construction, for a total of 2351 vouchers equaling approximately \$32,650,918 in budget authority annually. Because the Mayor's budget includes no new money for project-based LRSP, DCHA has no more budget authority to commit project-based LRSP units.

Based on past practice, this means that no 0-30 percent of MFI units can be produced through awards in the fall 2019 Consolidated RFP or another Consolidated RFP in FY20 or FY21, because the LRSP appropriation would not be able to be made at the time of the award. While DHCD recently stated that the District's Office of the Chief Financial Officer (OCFO) and DCHA have agreed to move from appropriating project-based LRSP funding to produce 0-30 percent of MFI units in the year that Consolidated RFP awards are made to appropriating it in the year that the awarded projects come online, the District has not provided written confirmation of its ability to make this process change. Additionally, multifamily housing lenders have not yet confirmed whether this would be a viable option when evaluating projects for funding. If these agencies and lenders confirm their acceptance of this new system, then we support the Mayor's zeroing out of project-based LRSP funding in the DCHA budget. Alternatively, if this is not confirmed, the District should make the following appropriations for project-based LRSP to produce the necessary amount of 0-30 percent of MFI housing to fulfill HPTF requirements: \$7.25M in FY20 to support \$116M in HPTF and \$7.55M in FY21 to support \$120M in HPTF.

In closing, I'd like to thank you for the opportunity to testify and I'm happy to answer any questions you may have. I look forward to working with you as we seek to make the District a city where all individuals are equipped with the tools and resources needed to succeed.

Sincerely,



Heather Raspberry  
Executive Director  
Housing Association of Nonprofit Developers (HAND)