



Testimony of

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Before

The Council of the District of Columbia
Committee on Housing and Community Development,
Councilmember Anita Bonds, Chairperson
Fiscal Year 2016 Budget Oversight Hearing
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1350 Pennsylvania Avenue, NW, Washington, D.C. 20004

Good morning, Chairperson Bonds and Members of the Committee on Housing and Community Development. I am Maria K. Day-Marshall, Interim Executive Director of the D.C. Housing Finance Agency. On behalf of the Board of Directors and our staff, thank you for the opportunity to testify at this FY 2016 Budget Oversight Hearing.

As you know, the DC Housing Finance Agency is a corporate instrumentality of the Government of the District of Columbia. The Agency is entirely self-supporting and none of its proposed budget funds will be derived from District Government revenues. Nor will the DCHFA utilize District FTEs. The Agency's proposed budget for FY 2016 is \$10,798,000, a figure higher than its approved FY 2015 budget of \$9,661,513. The increase will allow the DCHFA to carry out its business plan objectives through FY 2016.

During the Committee's most recent Performance Oversight Hearing held in February, I reported on the strong growth and momentum of the Agency's Multifamily pipeline.

So far in FY 2015, the Agency has closed 9 transactions across 6 Wards, representing \$150.4 million in tax-exempt bonds, \$84.5 million in Low Income Housing Tax Credit equity, and 1,202 units of affordable housing. With five-and-a-half months left in the Fiscal Year, that unit count already exceeds the total number of affordable units produced in four of the previous five individual Fiscal Years.

The DCHFA expects to close an additional 7 projects before the close of FY 2015, resulting in an estimated 872 additional affordable units, a \$122 million increase in DCHFA bond issuance, and a \$79 million increase in Low Income Housing Tax Credit equity. There is no doubt that DCHFA is experiencing a banner year of production, which it expects to carry into FY 2016.

As discussed in February, the DCHFA is not content to rest on its laurels. In addition to production volume, DCHFA continues to push for greater innovation in the development and administration of its core programming. That push by the DCHFA is a reflection of this Committee and the current Administration's drive to develop new and more effective affordable housing policy in the District.

Madame Chair, your outreach to the affordable housing community and its partner agencies was critical in setting the tone for the development of a targeted, smart, and collaborative approach to solving the District's current affordable housing needs.

As a complement to your efforts, the Bowser Administration has recognized that with a growing pipeline of publicly-funded housing development, comes great opportunity. The Mayor has established an environment in which the projects undertaken reflect priorities grounded in sound housing and community development policy. Since DHCD Director Donaldson's appointment was announced, she has articulated a Mayoral policy that prioritizes funds according to critical need; and the recently released budget only reinforces Mayor Bowser's commitment to that principle.

As shifts in District housing policy take root, the DCHFA is prepared to play a critical role in its implementation. For example, you may recall that the Agency's Office of Public Finance is developing a small building/small sponsor product. Once developed, that product, in combination with DCHFA's current multifamily financing options, promises to provide the flexibility needed to reach every building and constituent resident type within the District of Columbia.

In addition to developing new and innovative policy and programming, there is a great deal of energy currently devoted to improving processes within the housing finance cluster.

DCHFA and DHCD-allocated financing is easily the most common pairing of resources within the District's housing finance matrix. As such, it is critically important for that combined product to operate with absolute speed and efficiency. To that end, DHCD and DCHFA are currently working to strengthen shared processes related to the underwriting and closing of projects. Additionally, the DCHFA understands that the development community plays a critical role in affordable housing finance in the District of Columbia, and the Agency consistently works to prepare prospective applicants for their important role in ensuring a smooth and efficient financing process.

Madame Chair, while the DCHFA and the local multifamily housing sector have certainly recovered from the recent recession, the District continues to bear the scars of the economic downturn.

As you know, in September 2010, DCHFA was awarded over \$20 million under the Obama Administration's Hardest Hit Fund Program (or "HHF") to implement an initiative entitled HomeSaver, the Agency's foreclosure prevention program for District of Columbia homeowners. After earning the distinction as the administrator of the HHF program with the second highest rate of allocation nationwide, DCHFA recognized the opportunity to further leverage resources in favor of struggling District of Columbia homeowners. With \$2.9 million in program funds remaining, DCHFA worked with the US Department of the Treasury and the District of Columbia Office of Tax and Revenue to create the HomeSaver Phase II-Tax Lien Extinguishment Program.

The program provides one-time assistance to eligible District of Columbia homeowners at risk of foreclosure due to delinquent real property taxes. DCHFA is currently awaiting final approval from the US Treasury to transition the program from its Pilot stage. Once expanded, HomeSaver Phase II will include properties that have already been sold at tax sale, but whose owner's right to redemption period has not expired or been extinguished. In the meantime, the Agency continues to process applications from homeowners whose properties have not yet been sold at tax sale, but are in jeopardy of tax sale foreclosure in July 2015. Homeowners interested in the HomeSaver Tax Lien Extinguishment Program should go to www.dchfa.org, and click on the HomeSaver emblem.

In addition to helping District residents keep their homes, DCHFA utilizes its DC Open Doors single family loan and downpayment assistance program to provide much-needed help to those looking to purchase a home in the District.

A hallmark of DC Open Doors is its flexibility with regard to borrower income as well as its compatibility with other District-funded homebuyer assistance programs. Specifically, DC Open Doors can be paired with the DC Employer Assisted Housing Program (EAHAP); the DC Negotiated Employee Affordable Home Purchase Program (NEHAP); the DC Home Purchase Assistance Program (HPAP); and the Wells Fargo City LIFT Down Payment Assistance Program.

During February's Performance Oversight Hearing, I reported that DC Open Doors had produced a total of 333 single family mortgages, totaling \$90.6 million. I am pleased to report that since my last appearance before this Committee, and as of close-of-business Friday, April 10th, DCHFA has financed an additional 25 mortgages, totaling \$7.4 million, with \$6.3 million in the pipeline. Homebuyers interested in DC Open Doors should go to www.dcopendoors.com for more information.

Madame Chair, I always look forward to testifying before this Committee for its annual Performance and Budget Oversight hearings. That said, I want to stress that DCHFA is available throughout the year as a valuable resource. As this Committee seeks to craft new affordable housing policy, I encourage Members and their staff to reach out to the Agency for information and a unique perspective on the affordable housing finance landscape. I look forward to working in partnership with you to increase affordable housing opportunities in the District of Columbia.

This concludes my testimony. I am happy to answer any questions that you may have at this time.