



Testimony of

Christopher E. Donald, Executive Director and CEO

District of Columbia Housing Finance Agency

Before

The Council of the District of Columbia

Committee on Housing and Executive Administration

Councilmember Anita Bonds, Chairperson

FY 2021 through FY 2022 Performance Oversight Hearing

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12:00 p.m.

Via Zoom

Good afternoon, Madam Chairwoman, and members of the committee. My name is Christopher E. Donald, Executive Director and CEO of the District of Columbia Housing Finance Agency (DCHFA). On behalf of the Board of Directors and our staff, thank you for the opportunity to appear before you for this year's Performance Oversight Hearing.

I want to take a moment to recognize and commend my staff. The staff at the agency have worked tirelessly and creatively to serve the residents of the District. Our work and our contribution could not happen without each of them. Thank you to the DCHFA team.

DCHFA is responsible for doing three things: first, DCHFA issues home mortgages through its lender partners and provides other tools to promote and preserve homeownership for residents of the District. Second, the agency issues tax exempt bonds to fund the acquisition, construction, and preservation of multifamily housing, more commonly known as apartment

buildings. And finally, over the last five years the agency has made a direct investment into building for sale housing for the missing middle.

We are one of three agencies that function in service of the Mayor Bowser's housing goals. Our work could not be completed without our partnership with the Department of Housing and Community Development (DHCD) under the direction of Interim Director Drew Hubbard and the DC Housing Authority under the direction of Executive Director Brenda Donald. Each of these agencies works under the direction of the Deputy Mayor's Office of Planning and Economic Development led by Deputy Mayor John Falchicchio.

DCHFA is an active housing partner and contributor to Mayor Bowser's housing goal of creating 12,000 units of affordable housing and more specifically the broader target of creating 36,000 units by 2025. Mayor Bowser's now \$400 million commitment to the Housing Production Trust Fund further establishes the District as a national leader on investing in affordable housing, and I am proud of the Agency's role in this critical and coordinated effort.

Fiscal Year 2021 marked DCHFA's 42nd year of serving the housing needs of the residents of Washington, D.C. Over the past two years, the Agency has carried out its mission to advance the District of Columbia's housing priorities by investing in affordable housing and neighborhood development. Throughout this period and up until now, DCHFA continues to provide financial assistance to homeowners, renters and housing providers impacted by the COVID-19 pandemic, at a time when a place to call home is more important than ever. Through the administration of Housing Stabilization Grants in December 2020, the ongoing efforts of the DC MAP (Mortgage Assistance Program) COVID-19 and the reopening and closeout of the

HomeSaver Foreclosure Prevention Program, DCHFA has made both rental and mortgage assistance available to residents of the District, as well as owners of affordable housing developments during these unprecedented times.

DCHFA's Single Family Programs division manages the Agency's homeownership programs with the mandate of expanding and retaining homeownership opportunities in the District primarily through the DC Open Doors mortgage loan programs, DC4ME, and as a co-administrator of the Home Purchase Assistance Program (HPAP). Additionally, in FY 21 the Single Family division managed the HomeSaver Foreclosure Prevention Program as well as the Reverse Mortgage Insurance and Tax Payment Program (ReMIT).

Through the Agency's Multifamily Lending and Neighborhood Investment division, DCHFA issues tax-exempt mortgage revenue bonds and administers the 4 percent Low Income Housing Tax Credit program to lower the cost of acquiring, constructing, and rehabilitating affordable rental housing. Every nominal dollar the agency saves can go back in the Housing Production Trust Fund to fund more housing.

Through our Housing Investment Platform ("HIP"), the Agency continues to deliver essential workforce homeownership units, expand the access to capital for small CBE developers, and contribute to Mayor Bowser's goal of retaining workforce residents and creating new homeowners.

Today, I am pleased to report on the progress that the Agency has made since its Performance Oversight Hearing last year.

In FY 2021 through the first quarter of FY 2022, DCHFA financed 1,530 units of affordable multifamily rental housing through the issuance of almost \$424 million in tax-exempt bonds. There are a total of 14 projects in DCHFA's development pipeline for FY 2022.

Over the course of this committee's review period, DCHFA's Single Family Programs' performance has been stellar. During FY 2021 Single Family Programs in total produced \$130 million in home loans in either first or down payment assistance programs.

During the Agency's last performance oversight hearing I shared our plan to reopen the HomeSaver Foreclosure Prevention Program to offer District homeowners economically impacted by the coronavirus pandemic another resource to save their homes. I am pleased to report that the program was reopened in February 2021 with approximately \$4 million remaining in the program's funds available to D.C. homeowners. As a result of the HomeSaver program being an additional resource, 50 D.C. residents saved their homes from foreclosure.

The Agency distributed \$1.1 million in funds

Thanks to the leadership of Chairwoman Bonds and the committee, in March 2019, DCHFA launched the Reverse Mortgage Foreclosure Prevention Pilot program which is known as ("ReMIT"). ReMIT provided financial assistance for the payment of overdue property taxes and property insurance bills for those homeowners who are at risk of foreclosure. The financial

assistance was made to qualified homeowners in the form of a zero-interest, non-recourse loan with a maximum assistance amount of \$25,000 for each homeowner.

The ReMIT program served District homeowners, 62 years of age or older. Applicants were required to have incomes less than 80 percent of area median income and be delinquent on their real estate taxes and property insurance putting them at risk of foreclosure.

In FY 2021, six seniors were able to save their homes through assistance from the ReMIT program. All of the applicants were African American and resided in three of the eight wards. The average income of the applicants is \$30,706 with three awardees above age 70 and the remaining above age 80. DCHFA distributed \$58,180 in ReMIT funds, with the average loan amount being \$9,696. Less than \$10,000 allowed these seniors to remain in their homes, preserving ownership, a lifetime of memories and family legacy. I would like to thank the members of the Council for allocating funding for the ReMIT program and entrusting DCHFA with the development and administration of this foreclosure prevention resource.

DC Open Doors is the flagship program of DCHFA's homebuying resources. It is a First Trust mortgage loan, which also has the option of down payment assistance to achieve 100 percent financing.

In FY 2021 through FY 2022 to date, DC Open Doors has produced over \$143 million in first trust and down payment assistance loans. Applicants who wished to become homeowners came from all eight wards of the District, and DC Open Doors was able to assist them in purchasing homes across all eight wards as well. Wards 7 and 8 are the leaders in the number of applicants and

number of approved homebuyers. DC Open Doors homebuyers are ethnically diverse but are primarily African American.

For the fourth year, DCHFA continues to serve as a co-administrator of DHCD's Home Purchase Assistance Program ("HPAP"). In FY 2021 thru FY 2022 to date, the Agency has administered over 200 loans and over 12 million in closing cost and down payment assistance dollars. During the reporting timeframe, the Agency issued 435 Notice of Eligibilities ("NOE") to applicants. The highest number of NOE applications received and issued are for residents in Ward 7 and Ward 8.

#DCHFAInnovates is more than a tagline and hashtag often used by the Agency. It is an attribute we embody. One of the most recent innovations is DC4ME. The program was launched in FY 2019 to incentivize more District government employees to become District homeowners. Through DC4ME we are providing an additional resource that allows more people who are serving the District to also make it their home. DC4ME targets full-time government employees including those working for independent agencies seeking to purchase their first home here in the District but who do not qualify for the District of Columbia Employer Assisted Housing Program ("EAHP"). DC4ME may be combined with DCHFA's other homeownership programs allowing the buyer to have a suite of resources to choose from and apply to during their homeownership journey.

As the gap between working incomes and home prices in the District continues to rise, the Agency is grateful for the opportunity to fulfill its mission through the administration of wealth and legacy building homeownership programs

DCHFA is in its fourth year of being the District's only HUD "Level 1" 50-50 Risk-Share lender. This program is unique because it allows state housing finance agencies to access more efficient capital that lowers the cost of borrowing which minimizes the amount of subsidy required for a deal. In FY 2021 the Agency issued \$88 million in bond financing for two affordable communities that utilized risk share, Hill East and 1530 1st Street Apartments both located in Ward 6. This year for the first time ever, the agency, through its Risk Share program, was able to return \$2 million dollars to the Housing Production Trust Fund. It is the agency's goal to continue this type of efficient execution.

DCHFA established the Housing Investment Platform (HIP) for innovative investments that will increase the Agency's support of the District of Columbia's housing market outside of traditional bond and tax credit financing.

HIP's Single Family Investment Fund (SFIF) provides joint venture capital to emerging developers for the creation of for-sale workforce housing in the District. The program's goal is to foster neighborhood stabilization, increase the tax base and support projects that create employment opportunities through the construction of new homes.

An investment from HIP significantly reduces the amount of capital the developer needs to contribute to the project. In return, the developer agrees to restrict sales to households making workforce incomes, up to 120% of Washington D.C.'s Median Family Income.

I am pleased to share with you today that both HIP developments discussed in my testimony before the committee last year have delivered. In September 2021, we cut the ribbon at The Douglass: A Todd A. Lee Townhome Community, named in honor of DCHFA's former Executive Director and CEO. The new development is located on West Street in Anacostia. At the ribbon cutting, we celebrated eight D.C. residents moving into their first homes as owners. The Douglass' residents include a single mother of 2 daughters, who is also a sergeant in the Metropolitan Police Department. The second HIP site delivered is the Kuvera Condominiums in Rosedale. Phase One has delivered and all units have been purchased by first-time homebuyers. The second phase of the Kuvera Condos is under construction. Both the Douglass and Kuvera are a part of Mayor Bowser's Vacant to Vibrant initiative completed in partnership with DHCD. HIP's pipeline has grown to 100 units and includes 33 units at The Heights in Marshall Heights.

Annually, when we come before the Council we focus on production of new units and assisting new homeowners. This year, our focus has been on the stabilization of our neighborhoods and the people we serve. As shared previously, in December 2020, the agency was able to assist approximately 12,000 residents and expend almost \$10 million in Housing Stabilization Grants. The program was available to properties that were financed using the Housing Production Trust

Fund, CDBG, HOME or other City subsidies. This was a universe of almost 30,000 units. In FY 2021 the Agency also provided bridge financing to help support over 40 residents of Talbot St. Condominiums.

With every deal closing and homeownership program application that is approved, the staff and I are aware that we are creating affordable, beautiful and healthy housing across all wards for our friends, family and neighbors to continue to live in and thrive in the city that we all love.

Madam Chair, and members of the Committee, thank you for the opportunity to testify and for the support you have provided to the DC Housing Finance Agency.

This concludes my testimony. I welcome your questions at this time.