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Feb. 13, 2023

Greater Greater Washington

Oversight testimony: Department of Housing and Community Development and the Housing Production Trust Fund

Good morning. My name is Alex Baca and I am testifying on behalf of Greater Greater Washington, where I serve as D.C. policy director.

First, I'd like to congratulate Councilmember White on his chairship of the Committee on Housing. GGWash has spent the past several years pushing for a change in the committee's leadership, and we expect that Councilmember White and his staff will do excellent work in their new roles. We are also looking forward to hearing Acting Director Green's remarks today.

GGWash's asks of the Committee on Housing for FY23 performance oversight are for it to work with DHCD to acquire more land, then ground-lease that land specifically to enable greater production of more housing, and more affordable housing¹; to streamline the permitting for and production of projects with a certain percentage of income-restricted, subsidized ("affordable") units²; to leave the Housing Production Trust Fund as-is and not consider it a bank account from which money can be deducted to fund other programs; to determine how the finer points of a social housing program might work; to expand its rent-stabilization policies to apply to buildings built after 1975; and, as always, to adhere to Affirmatively Furthering Fair Housing rules.³

¹ GGWash considers "affordable housing" to mean housing that is subsidized, by either public or private dollars, and income-restricted (and, therefore, means-tested). This follows the Office of Planning's definition of affordable housing in the [Housing Framework for Equity and Growth](#) (p. 2).

² While GGWash does not yet have a detailed proposal on how by-right permitting should work and for what the ideal pro forma for such a practice might be, we'd like committee and agency staff to determine whether the District is getting the maximum possible use out of what its public sites are zoned for, and begin to calculate the cost of permitting and approvals time. How much subsidy is it worth to get projects approved faster?

³ [Us. in 2019](#): "The mayor's 2020 budget, released on March 20, includes [some housing-related provisions](#). There are plenty of reasons to desire more spending on housing, and homelessness, than what [the budget in its current form provides](#). But an issue larger than the city's budget, and thus an issue that budgets cannot address alone, is *where* housing is built, or where people can afford to live. Regardless of the rate at which housing and homelessness programs are funded, and regardless of whether that funding is local or federal, the city will be complicit in furthering the place-based inequities—longer commute times, worse access to amenities and services—that its poorer residents, and residents of color, already face if programs and developments are confined to only certain parts of the District. DHCD should ensure, by complying with the Fair Housing Act and the Affirmatively Furthering

While each of the above concepts are worth examining in detail, I'd like to spend my time today on land acquisition, which is not as self-explanatory as "expand rent control" and "do what the federal government says." GGWash's vision for how housing works in the District is predicated upon the public ownership of land, which is fiscally smart, and critical to making existing affordable-housing programs work better.⁴

Last October, I was thrilled to support the disposition of 4272 7th St. SE, which resulted in a transfer of the land back to the District. The District then leased the land to the developer in exchange for a lower-interest Housing Production Trust Fund loan, enabling the replacement of 88 blighted units with the production of 169 perpetually affordable homes. I wrote then, [in a comment supporting the disposition-acquisition](#).

"As a general matter, public land acquisitions are good practice: The District owning the land underneath a privately developed, privately owned affordable project, funded by HPTF dollars, offsets some foreclosure risk and allows the District to incorporate the value of the land into its assets. I have to imagine that, as a result of the disposition-acquisition of Belmont Crossing, the District has untangled some of the legal and financial challenges that may have stymied acquisitions in the past, particularly the accounting for the land itself; we expect the District, particularly the Department of Housing and Community Development and the Deputy Mayor's Office for Planning and Economic Development, to build upon this new precedent.

Looking forward, the District's acquisition authority should be applied to properties that are not just vacant, blighted, or funded by HPTF dollars; should be expanded to a right of first refusal for all sales; and should trigger map amendments, submitted by the District, to upzone the acquired land to the maximum density allowed by the Future Land Use Map."

In addition to the above, to enable⁵ more Belmont Crossings, the District Opportunity to Purchase Act should not be treated as, basically, a TOPA of last resort. Right now, DOPA deals rely on a subjective assessment of whether or not a TOPA deal has "failed." DOPA and TOPA

Fair Housing rule, that any production of housing, or the distribution of resources devoted to bringing housing within greater reach of people, is not constrained by particular geographies."

In 2021, the Department of Housing and Urban Development [restored](#) AFFH requirements that the Trump administration had rolled back, which required its funding recipients to "complete an assessment of fair housing issues, identify fair housing priorities and goals, and then commit to meaningful actions to meet those goals and remedy identified issues, with HUD reviewing each assessment." Last month, the Biden administration [announced](#) a proposed rulemaking.

⁴ Specifically, DHCD's [development-finance programs](#)

⁵ During FY24 budget hearings, GGWash will be asking, as we do yearly, for continuing contributions to the Housing Production Trust Fund and an increase in funding for the Local Rent Supplement Program. We will also be asking for the establishment of a land-acquisition fund.

should mutually assist each other so that a possible outcome of a TOPA deal is a tenant-owned building on District-owned land.

The District routinely upzoning its own land to the maximum density allowed by the Future Land Use Map is a better practice, and more politically saleable, than having a development team apply for a map amendment after it's been awarded a project. This is already happening: 1617 U Street was "upflummed" from medium- to high-density by amendments, passed in 2021, to the 2006 Comprehensive Plan. Last month, Office of Planning [filed a map amendment to change the site's zoning from MU-4 to MU-10](#). Because the police and fire stations need to remain at the site, building housing on it would not be possible without legalizing greater density on it.⁶

Public ownership of land, and the allowance of the maximum possible density on that land, will be necessary for any social housing program; I've focused GGWash's efforts on land acquisition not just because I think it's a good idea, but because, as an organization, we want to ensure that there is a strong foundation on which to build publicly owned housing in the future. We are supportive of a social housing program, and would like to see Councilmember Lewis-George's Green New Deal for Housing reintroduced.

Lastly, I hope that new leadership for both the committee and the agency will result in a focus on specific initiatives. While I have stated today what GGWash thinks some of those initiatives could and should be—land acquisition; making income-restricted, subsidized housing by-right; no touchy HPTF; applying rent-stabilization regulations to buildings built after 1975; adhering to AFFH rules—I, frankly, care less about what the District picks to work on, as long as it *picks*, and does whatever it picks *well*, with a plan, in a way that the public understands and benefits from.

Maybe it's reforming the 10-801 process; maybe it's building exclusively extremely low-income housing with HPTF dollars; maybe it's social housing; maybe it's covenants. Whatever it is, don't do it just for the sake of doing it. Even the most smoothly humming land acquisition-upzone-ground-lease feedback loop needs intention behind it; I hope I've made GGWash's intentions for such a program clear today. Housing is complex, yes, but too often we use that complexity as an excuse to work at the surface level of too wide a spectrum of programs. I'm eager to hear what the committee and agency agree upon as the most paramount priority⁷ for housing in the next year. Thank you.

⁶ The District should—*better*—ground-lease 1617 U.

⁷ The challenge of narrowing the focus of the committee and agency's efforts is, we know, not helped by the fact that it's extremely expensive to build income-restricted, subsidized housing. The District has more resources to do so than most jurisdictions, but those resources are not limitless. (Land acquisition can and should help with this.) Income-restricted, subsidized housing is supposed to house people *and* desegregate neighborhoods. I devoted a good deal of my [2022 oversight testimony](#) to this dilemma:

"DHCD should have the ability to override scoring so as to build more subsidized, affordable housing, even if it is not subsidized to 30 percent AMI, in, say, Spring Valley, where there is

currently no subsidized, affordable housing whatsoever. The calculus for the District's Spring Valleys is different than in its Bellevues, the neighborhoods where poverty is concentrated, largely because the Spring Valleys haven't built hardly anything, even market-rate housing, for decades. And DHCD can simply submit a waiver to the housing committee saying that it is choosing to spend HPTF dollars on a project that remedies that, though it may be at the expense of building extremely low-income housing elsewhere!

Except, DHCD has never submitted a waiver. OIG and the D.C. Auditor have called out the agency for this. The housing committee has not. That reads to me as a very cushy relationship for both the agency and the committee. This is likely precluding many needed conversations about how DHCD does its job. One that I think is fairly sophisticated, and really needs all parties involved to be at their chattiest and sharpest, is about how analyzing projects on AMI requirements alone is likely an impediment to proactively building housing in amenity-rich neighborhoods. The establishing statute for the trust fund can incorporate such considerations, rather than giving total flexibility to the agency.

Statutory requirements do indeed seem to be an inhibiting factor to HPTF money going toward desegregating the District's wealthiest neighborhoods, seeing as the agency seemingly prefers that to building extremely low-income housing. So let's change the statute. Maybe it's OK—even preferable—to weight the production of a 50 percent AMI unit in Spring Valley differently than one in Bellevue, but that isn't considered in D.C. Code, nor is DHCD making up for it by rationalizing why it is diverting from what's established in code, except when pressed very, very hard.”

Though a selection of limited points of focus will not be universally popular for the committee or the agency, the two *must* agree on whom and what to prioritize. If rowhouses will never cost \$200,000 again (arguably, the reason that they did was because of the District's severe population loss); if community land trusts and conversions *are* happening, likely at about the fastest pace they can; and if vouchers and subsidies are a budget question, what remains is an ideological choice about whom and what DHCD focuses on, and oversight of whether its HPTF spending reflects that choice.

To illustrate that there will never likely be clear consensus on what that choice should be, and to impress upon the committee and the agency that they must pick a trajectory, I've pulled from GWash's 2022 candidate questionnaire for candidates responses to a relevant question:

“While the District has a robust Housing Production Trust Fund, it is not infinite, and land costs in the District impact the number of affordable units that can be constructed, as well as the percentage of MFI to which they are subsidized. The below scenarios are not inclusive of all options that will ever be on the table. They are, however, representative of the tradeoffs inherent in balancing funding for and the location of publicly subsidized affordable housing, which is often cross-subsidized with market-rate housing. Please choose the scenario you would prefer, and explain why you prefer that scenario.

1. One 50-unit project in Bellevue for residents making between 30 (\$27,100 for a one-person household) and 80 percent (\$72,250) MFI, but no affordable housing in Forest Hills
2. One 25-unit project each in both Bellevue and Forest Hills, for residents making between 80 (\$72,250) and 120 percent (\$108,350) MFI

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3. One 30-unit project in Forest Hills for residents making between 60 (\$54,200) and 80 (\$72,250) percent MFI, and one 20-unit market-rate project in Bellevue
 4. One 10-unit project in Forest Hills for residents making under 30 (\$27,100) AMI, and one 40-unit market-rate project in Bellevue”

Respondents were required to pick a scenario and say why they preferred it. I've included below the selections and rationale of all candidates who submitted a response to our questionnaire. No candidate selected the first scenario, four selected the second, eight selected the third, and eight selected the fourth.

Mayor

Muriel Bowser (#2): This form requires that one of the above answers is selected. However, please disregard as my answer is that the only scenario provided above that I won't support is the first one, which would result in no affordable housing in Forest Hills. My philosophy is to use more than the HPTF to produce and preserve affordable housing everywhere in the District. I believe our greatest strength is our diversity and the best way to leverage that diversity is to welcome residents of all incomes to live comfortably in all neighborhoods across the city. With regard to affordable housing, that means, for instance, more workforce housing in places like Bellevue and more deeply affordable housing in places like Forest Hills.

Robert White (#4): Our most urgent need is housing for residents making under 30% AMI which is where we are seeing underinvestments from the Bowser administration (including mispending over \$80 million meant to help these people). This scenario helps us meet that need while introducing affordable housing into an area of the city where we are lacking affordable units. East of the Anacostia river, we have already met our affordable housing goals but are lacking market rate housing to avoid concentrating poverty. Thus, this scenario best accomplishes the dual goals of building more deeply affordable housing while addressing the disturbing income segregation in our city.

Council chair

Erin Palmer (#4): This scenario best achieves the goals of affordable housing in a resources and amenities rich area and additional market rate - avoiding concentration of affordable housing - in Ward 8. I would note that deeply affordable housing often also requires social support services, and for residents to succeed we need to invest in those services as well. And that neighbors east of the Anacostia River often express a desire for development that includes retail and other neighborhood-serving amenities.

Ward 1

Sabel Harris (#4): I prefer the last option because Forest Hills is an affluent area in DC with more nearby school options for residents. I believe the opportunities available for community members in Forest Hills justify the construction of more affordable housing units in that area. However for the scenario of "One 30-unit project in Forest Hills for residents making between 60 (\$54,200) and 80 (\$72,250) percent MFI, and one 20-unit market-rate project in Bellevue" is one that I also believe would be good because it creates projects in both Bellevue and Forest Hills and would benefit residents on a more widespread scale than only constructing affordable housing in one neighborhood.

Brianne Nadeau (#4): I think the last scenario (with the third option close behind) does the most to address the dual goals of affordability and desegregation, which are sometimes at odds. We are still under-producing units at the 30 AMI and below band, so it is critical to support that as much as possible. This is especially true for more economically exclusive areas in the western parts of DC, some of which

have almost no dedicated affordable housing to speak of. Far SE/SW, on the other hand, has already exceeded its affordable housing production target, and is often the path of least resistance for LIHTC funding which risks a concentration of poverty.

Ward 3

Ben Bergmann (#4): As acknowledged by the question, this is a very difficult question and I struggled a little in picking an answer. Stepping back, I think it demonstrates the need to do a mix of everything and pursue an all-of-the-above strategy to housing more generally. We need to be focused on maximizing the number of units and increasing affordable and deeply affordable housing units specifically in Ward 3 and other high-opportunity areas of the city. I selected the final option because it achieves the aim of adding more deeply affordable units in a high opportunity area. An area that is close to jobs and completely unaffordable for an individual making under 30 AMI absent an income-restricted unit.

Deirdre Brown (#2): I believe that affordable housing should be spread out across the city. Of the options given, the one I chose is the only one that provides affordable units in NW and SE.

Tricia Duncan (#3): Of all of the scenarios offered, the 30-unit project in Forest Hills with a 20-unit project in Bellevue is most preferable. This scenario maximizes the amount of units being constructed while ensuring that additional affordable housing is built in an area of Ward 3 where it is most needed. While I am concerned about potential gentrification and displacement that could occur due to such a project being built in Bellevue, this scenario remains the best option available because it distributes affordable housing supply across Ward 3. I think with situations with this, it is most important to listen to residents and experts to ensure that the project will support our larger goals of increasing affordable housing while ensuring that residents can stay in their communities.

Beau Finley (#3): This is a tough choice. Assuming only one of these scenarios can happen, I would go with the third option, which I think appropriately balances building housing and diversifying neighborhoods, though it has its trade-offs. Forest Hills has very little housing at the 60%-80% MFI range while Bellevue has 413 affordable units, with most between 30%-60% MFI. Adding subsidized homes in Forest Hills adds needed diversity to the area and provides well-funded schools, walkable amenities, and easy access to bus and metro. Adding market-rate units in Bellevue could inject more liquid income into the local economy, though doing so carries the risk of furthering gentrification and eventual displacement.

Phil Thomas (#3): When tradeoffs need to happen you have to take a city wide approach and see where the need is as well as the greatest impact. With all the scenarios producing the same amount of units the greatest need for workforce housing is Forest Hills and more market rate housing in Bellevue which already has more lower income housing than Ward 3.

Ward 5

Gordon Andrew Fletcher (#3): Forest Hills has little to no affordable housing. Bellevue housing stock is statistically less expensive (and often less desirable), and the area could use newer and more modern units to retain residents who could afford to move out of the neighborhood, but wish to remain closer to family and friends.

Faith Gibson Hubbard (#4): By producing 10 units of extremely low-income housing in Forest Hills you are producing needed affordable units where they have never existed before and is in line with the city's housing equity goals. The majority of the affordable housing projects that have been funded by the District are located east of the river in addition, most of the remaining stock of naturally occurring affordable

housing is also east of the river. Many residents east of the river want more market rate housing in their neighborhoods to increase the income mix of residents so more retain and similar amenities can be attracted to these neighborhoods.

Zachary Parker (#3): This project provides a substantial number of units, with most of them located in a low-poverty area. If the units in Forest Hills are aimed at first-time homeowners, they would meet an important need. It is likely that market rate units in Bellevue would still be affordable to households between 50% and 80% MFI. Finally, residents of Ward 7 and 8 note that a concentration on affordable housing there for the very lowest income families fails to create opportunities for people to stay as they move up the economic ladder.

Ward 6

Charles Allen (#2): As you noted, these scenarios are imperfect and not inclusive of all options available. They are also being made with a significant lack of information and context. I do not like choosing any of these options. For example, I do not see deep affordability included in any of them and there is no information about unit size. Are these studios or 3-bedrooms? All of this could be critical information to weigh in deciding a preference. But for the purpose of illustrating decision-making, I chose the scenario I did of the four presented because it was the maximum number of overall units and it was split between two communities, rather than concentrating within just one. However, I have to note the affordability levels in this scenario are not low enough and it is unclear what size unit is being contemplated or compared to within these scenarios.

At-large Democratic primary

Anita Bonds (#3): the 30 unit project in Forest Hills is more moderate to middle income, but still provides affordability. It will also help the development because the building is potentially eligible to become a tax credit building because of the 60 percent MFI condition. The Bellevue market rate project is desirable because the Bellevue area would love the addition of market rate units in their neighborhood. This will help with the distribution of market rate units throughout the city.

Lisa Gore (#4): Of all these options none is great. I chose option #4 only because it targets 0-30% AMI in affluent areas. Traditionally Black and brown families have been ignored in housing. We need more housing like this in affluent areas so that traditionally underserved individuals and families have access to amenities that are traditionally found in neighborhoods like Forest Hills. This scenario is exactly why we need more than the current tools we have. Restricting ourselves to the current tools for affordable housing puts us in horrible scenarios like this.

Lenquia'dominique Jenkins (#4): It provides equitable housing while realizing investments in previously overlooked areas of the District.

Bradley Thomas (#2): I believe that it is important that affordable housing be woven into the fabric of our neighborhoods across the width and breath of our city. We should not concentrate all affordable housing in certain wards or certain neighborhoods. The second scenario, if I'm reading it correctly, is the only one that provides for what seems, at least on the surface, to be an equitable distribution of affordable housing. And it gives residents of diverse neighborhoods some skin in the game when it comes to addressing the housing crisis in our city.

Dexter Williams (#3): I selected this scenario because it represents the best equitable solution.

At-large general

Kenyan McDuffie (#3): The second, third, and fourth scenarios are the only scenarios that provide housing in both Bellevue and Forest Hills, which is a key value and goal as detailed in my response to question 7. Of those three, the third scenario achieves the most affordable housing in Forest Hills, an area of the city where that is especially needed. Although I would have preferred to select a scenario with more deeply affordable housing in Forest Hills, this third scenario achieves three times more affordable housing than scenario four. Additionally, scenario three will produce a smaller market-rate project in Bellevue, which will help disrupt its uneven distribution of dedicated affordable units as compared with the rest of the city.

Elissa Silverman (#3): We need affordability in Forest Hills for working families.