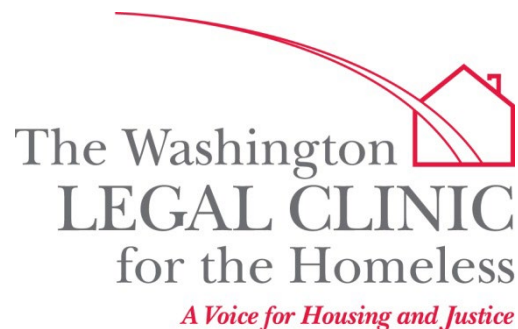


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D.C. Council Committee on Housing and Executive Administration-Oversight Hearing-
HPTF/DHCD- March 30, 2022

Testimony of Brittany K. Ruffin, Senior Counsel, The Washington Legal Clinic for the Homeless

Good afternoon, Councilmembers. I am Brittany K. Ruffin, Senior Counsel, at the Washington Legal Clinic for the Homeless. Since 1987, the WLCH has envisioned and worked towards a just and inclusive community for all residents of the District of Columbia—where housing is a human right and where every individual and family has equal access to the resources they need to thrive. Unfortunately, it is hard for the vast majority of our vulnerable residents to focus on thriving when basic survival in DC has become such a challenge.

The District of Columbia continues to have an affordable housing crisis that threatens thousands of its residents. In particular, there is a dearth of deeply affordable housing in DC—the category that is most needed. Despite this fact, deeply affordable housing for those at 0-30% AMI continues to be the most underproduced in DC.

The Housing Production Trust Fund is *the* fundamental source for creating and preserving affordable housing in DC. The intention of the HPTF is quite deliberately expressed within the guidelines that specify how the funds are to be used. A couple of years ago, in acknowledgment of the inequitable distribution of the HPTF housing creation, the Council increased the 0-30% AMI percentage allocation to fifty percent of the total HPTF. Disappointingly, that increase, alone, has failed to address the overall oversight and budget issues impacting the appropriate distribution of the HPTF.

While the HPTF guidelines are strong in intention, they mean nothing if combined with a lack of oversight, execution, and funding. DHCD has repeatedly failed to meet its responsibility to the lowest income D.C. residents (0-30% AMI), even before Council increased the allocation. The agency has also consistently overestimated its 0-30% production levels. In 2019, only thirteen percent (13%) of the HPTF was used for 0-30% AMI, even *less* than DHCD's own provided estimate. For FY20, despite the mayoral increase to the HPTF and a change requiring that fifty percent (50%) of the fund be used for 0-30% AMI housing creation, only eighteen percent (18%) of the fund was used to create housing for the lowest-income level. For FY21, DHCD originally projected that a mere 27% of funds would be used for 0-30%. Unfortunately, even that estimate went unmet. For FY22, it appears as though only 24% of funds will go towards 0-30%.

The mayor's budget makes a substantial \$498M investment in the Housing Production Trust Fund. We applaud the sustained investment in affordable housing creation. However, funding without provisions to ensure that money is spent as intended is not an effective method for the

most vulnerable communities. Most recently, the Inspector General detailed that \$82 million of the HPTF money meant for 0-30% AMI was misspent in 2020. It is apparent that broad goals and simply raising the statutory levels in writing are insufficient to solve for the issue of 0-30% AMI unit underdevelopment. Perhaps it is time to take more explicit measures to uphold funding allocations by separating the 0-30% AMI allocation money from the total amount in the HPTF. Certainly, the Council should utilize additional mechanisms to increase its own ability to successfully administer the oversight necessary to achieve its legislative intent and ensure that funds meant for 0-30% housing creation are being used as intended. As members of the Fair Budget Coalition, we join the request to restore the misspent \$82 million to the 0-30% AMI bucket and implement legislative protections.

We are pleased to see the more than \$40M multi-year budget announcement for LRSP matching/operating funds in the mayor's budget dollars to actually build the 0-30% AMI units that could be built with significant HPTF investments. We appreciate the intention to fund the requisite matching LRSP money for these units, but the lack of clarity around that funding and concerns related to rising costs still raise uncertainty as to whether the investment is truly adequate to match the substantial HPTF investment and projects in the future. We urge this Committee to really examine this issue to make sure that adequate matching funding is in the budget to support the creation of extremely low-income housing.

While increased matching operating funds in the budget are critical to the successful creation of deeply affordable units, there also has to be specific oversight and accountability for agency project selections. The lack of regular reporting by the agency and transparency within the DHCD's project selection process should be a most fundamental concern for this Committee. DHCD must be required to adhere to regular quarterly reporting schedules. DHCD should also be reporting to Council on the universe of available projects, project scoring, and circumstances under which projects are chosen. At last year's oversight hearings, DHCD attempted to partially justify 0-30% housing underproduction with a seemingly problematic practice based in the belief that units for extremely low-income residents should only be produced if scattered among units for higher income residents. Housing production for 0-30% AMI was intentionally prioritized by Council because of the massive need. DHCD and the administration's policy preference for mixed income projects that never prioritize 0-30% should not be allowed to subvert the will of the Council and its HPTF funding allocations. Council should pass the *Housing Production Trust Fund Income Targeting Accountability Amendment Act of 2021* and the *Housing Production Trust Fund Transparency Amendment Act of 2021*, important pieces of legislation that increase transparency and reporting requirements. DHCD should have to provide information regarding project applications to the HPTF, including data used to determine funding awards and justifications of any departures from scoring recommendations. Legislation and clear agency reporting requirements would be instrumental to ensuring meaningful Council oversight of the HPTF.

As aforementioned, the need for *deeply* affordable housing is the most critical—particularly for Black DC residents, the demographic that has been most impacted by homelessness and displacement. Eighty-eight percent (88%) of those experiencing homelessness in DC are Black—a pre-pandemic statistic. More than 20,000 Black residents have been displaced between 2000 and 2013. Undoubtedly, many more have been displaced in this last decade as housing affordability in the city continues to decrease. Currently, Black residents account for nine out of ten of the extremely low-income households (0-30% AMI) in D.C. Those same households are severely rent burdened, spending over half of their income on housing.

The data is clear that not prioritizing deeply affordable housing creation will mean further displacement for Black DC residents. When a significant pot of money meant for housing creation for the lowest-income residents is constantly misused--improperly allocated and ineffectively monitored--*despite* statutory prioritization and without consequence, DC has to reevaluate its commitment to deeply affordable housing and its residents who struggle to live here.

Council must actively exercise the level of oversight that ensures agency transparency and statutory compliance. Creating and preserving deeply affordable housing, ending homelessness, and achieving racial equity cannot be consistently touted as D.C. priorities if the existing mechanisms set up to assist in those goals are underutilized and neglected.