



Testimony before the District of Columbia  
Council Housing Committee

Regarding  
**Bill B24-0802: New Green New Deal for Housing Amendment Act of 2022**

November 22, 2022  
Via Email Submission

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10 G Street NE, Suite 580; Washington, DC 20002

Dear Chairman Bonds and Members of the Committee:

Thank you for providing the opportunity to submit comments for the New Green Deal for Housing bill at today's hearing.

As you know, Enterprise is a national nonprofit that exists to make a good home possible for the millions of families without one. We support community development organizations on the ground, aggregate and invest capital for impact, advance housing policy at every level of government, and build and manage communities ourselves. Since 1982, we have invested \$54 billion and created 873,000 homes across all 50 states – all to make home and community places of pride, power and belonging.

In the District of Columbia, Enterprise has helped to create or preserve 14,000 homes. Our additional impact includes:

- generating more than \$580M in tax revenue
- creating more than \$950M in wages for workers
- investing more than \$780M in support, through Low-Income Housing Tax Credit and New Markets Tax Credit projects, debt through our Community Development Financial Institution and our Bellwether-Enterprise platform, and grant dollars via HUD Section 4 capacity building grants for community-serving nonprofit organizations.
- owning/operating nearly 3,000 affordable rental homes across the District via Enterprise Community Development.

As a partner to the District and many housing providers and community organizations, we are committed to devoting our resources, and leveraging them with public and private sector tools and investments, including many of the proposed concepts under consideration today. We are also a member of the Coalition for Nonprofit Housing & Economic Development and contributed to and support their position on the proposed bill.

## **Summary of our recommendations on B24-0802:**

- We support the main goals of the legislation: to increase the city's depth and amount of housing affordability; to ensure tenant governance and empowerment criteria; and to combat climate impacts with green building and other sustainability standards.
- We have questions regarding the financial assumptions and modeling that may have been done to ensure the core tenets of access to capital, cross-subsidization, and ongoing sustainability and maintenance of the housing and other provisions
- We have other questions regarding the roles of social housing and the Office of Social Housing within the District's current enabling environment for housing, and the other housing affordability preservation and production models that exist today.

**Our current recommendation is to defer action on the bill at today's hearing, to allow for more conversations with housing affordability financial partners and development practitioners on the challenges, capital resources, and potential opportunities to strengthen or evolve the program further in these areas.**

### **Item 1 – Goals of the Bill**

Enterprise strongly supports efforts to increase housing affordability, and especially efforts that acknowledge households at the greatest depth of need -- at lowest income levels, for which the creation of new, or preservation of existing affordable homes are the most expensive and difficult to produce. The negative impact of low housing supply at incomes below 50% MFI falls disproportionately on Black and other non-white households in the District, as it does in locations across the U.S. We are open to any conversations that look directly at the resources available, and models designed, for increasing housing supply for residents in this income band, especially when paired with holistic supportive services and access to community amenities.

As the author of the national Green Communities building standards, and through a multi-pronged initiative known as Building Resilient Futures, Enterprise has a track record of commitment to build and refurbish affordable housing to be sustainable and climate-resilient, and to equip communities with resources to help them withstand and recover from natural disasters. We appreciate the focus on principles like these in the legislation as well. Further, we also support clear articulation of tenant governance, rights, and roles into the legislation to empower residents to be decision-makers and beneficiaries of the other goals in the legislation.

### **Item 2 – Questions on Financial Assumptions**

As a Community Development Financial Institution (CDFI) Enterprise Community Loan Fund has partnered with many mission-minded housing providers to support projects that preserve, rehabilitate, and construct new mixed-income and committed affordable homes across the District. We have national, regional, and local experience working with many models of housing affordability, including housing credit (LIHTC) and bond deals, right of first refusal, community land trusts, limited equity cooperatives, social housing, and many others.

In our experience, one of the greatest barriers to producing more extremely-low-income (ELI) housing is the substantial additional subsidies needed per unit – especially if the units will be committed at this depth of affordability for many years. We strongly support long-term commitments of affordability built into covenants and other requirements; the challenge is ensuring the net operating income needed to manage

the units and their physical condition over the same period, while also paying off debt on financing obligations to satisfy first-position investors.

In our experience, even in the most expensive real estate markets like the District, it is challenging to build a market rate unit that can be rented at a level equal to providing cross-subsidy for a matching ELI unit, and especially when looking at scale sufficient to produce a larger number of ELI units under the same financing deal. The amount of cross-subsidization implied raises questions for us on what development pro forma assumptions may have informed the approach outlined in the legislation.

We know that some sources are referenced in the legislation, such as commercial rents for mixed-use projects in the model, bonding capital, and/or Housing Production Trust Fund resources if needed. Enterprise would welcome more information on what level of commercial rents might be sought for community-serving amenities, and compared to other non-residential uses? Would some of the much-needed child development centers also receive a subsidy to make them more financially sustainable as well, for example?

The bond capital option is included in one of the clauses on page 6 of the bill:

*“(4) To issue bonds and to give security pursuant to § 8-173.43; provided, that the Offices’ debts shall not be backed by the full faith and credit of the District of Columbia;”*

One question is whether or not we know the amount of bonding authority available that is not backed by the full faith clause? Also, would that bonding authority convey to the proposed Office of Social Housing? Enterprise has seen the power and value of issuing bonds to provide immediate capital at scale to help support housing affordability production and preservation goals; usually an annual capital resource is securitized to pay debt service on those bonds over time. This allows an infusion of capital that can be absorbed quickly by the real estate market to achieve robust community goals in the near term, with the benefit of those investments supporting residents and neighborhoods for many years to come. Is this the model that is anticipated for the social housing model?

Another question relates to the use of Housing Production Trust Fund dollars for the social housing goals in the bill. Due to sustained leadership by the Mayor and Council, the District enjoys one of the highest appropriations levels of annual and revolving resources for any state-level trust fund in the nation. We also have one of the most robust networks of housing production and preservation programs, policies, and providers in the country too – from our Tenant Opportunity to Purchase program, our competitive LIHTC NOFA, our community land trust and cooperative models, and our Preservation Fund, SAFI, and other programs we cite as models to other jurisdictions in the DMV and beyond.

We have a robust pipeline and demand for resources like the Trust Fund to support many of these programs and providers. As current trends in interest rates, housing credit pricing, construction supply chain, labor, and other important factors to the bottom-line costs of deals continue to escalate, the resources in the Trust Fund are used as much to keep approved deals solvent, and to provide more subsidies per project, than ever before.

Adding a new eligible use for Trust Fund dollars could be welcome if the associated use addresses gaps that exist in the current housing affordability spectrum; it may also provide a level of additional competition to other programs that are working well and also need more resources to have even greater, desired impact. We support balancing consideration for models that are already working well and need resources to help meet District housing need with new ideas that address unmet needs, advance racial equity explicitly, and/or can be married with other best practices to achieve even larger shared goals for

housing affordability. We are not sure to what extent the social housing model outlined in the current bill desires, or anticipates, these questions or opportunities.

### **Item 3 – Questions on the role of Social Housing and the Office of Social Housing Development**

We appreciate the potential complexity and diverse range of expertise that might be needed to fully implement the social housing model outlined in the bill. Our questions on the included new Office of Social Housing Development relate to its authorities, and how it proposes to relate to existing agencies and authorities that exist today. In this element, our questions are merely to understand the basic parameters, and not to signal any recommendations on the topics. We would need more information to develop thoughtful opinions and suggestions:

- It appears that the Office of Social Housing Development would be a peer agency to DHCD, the Housing Authority, and the Housing Finance Agency. To what extent does the office envision its initial staff size, expertise, and functionalities? What pros and cons were determined from incubating the social housing development work in an existing agency through initial phases and proof of concept or initial transactions, versus creating the agency outright?
- Does the authority of the Office of Social Housing Development include pursuit and implementation of the District Opportunity to Purchase Act powers? To what extent might DOPA be a part of the strategy for social housing development?
- Would the Office of Social Housing Development select where and how funds generated in Section 104 (“Social Housing Development Fund”) are managed, disbursed, and what goals they achieve? Is the intention for the Section 104 Fund to be a competitive pool? Would the Office serve as a financing agency for bond funding and/or other designated resources?
- Would projects designated for social housing development apply through the new agency for competitive Housing Production Trust Fund dollars?
- Could the Office of Social Housing Development also manage properties and serve as landlord or contractor of property managers for the social housing projects?

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Again, we thank you for the opportunity to share our views. Enterprise would be happy to speak further on housing affordability and related topics with Council or staff, including on the items identified here.

Please contact us if you have any questions via my email, [MBondi@EnterpriseCommunity.org](mailto:MBondi@EnterpriseCommunity.org) or direct dial (202) 407-8719. We appreciate your consideration.