



September 30, 2024

Hon. Phil Mendelson, Chairman
DC City Council
1350 Pennsylvania Avenue NW
Washington, DC

submitted via electronic transmission

Re: Emergency Rental Assistance Reform Emergency Amendment Act of 2024 - Support

Chairman Mendelson and Members of the Council,

We are writing today on behalf of Enterprise Community Partners to express our support and urge your votes in favor of the Emergency Rental Assistance Reform Emergency Amendment Act of 2024, as introduced.

With this letter we will summarize our commitment and contributions to the affordable housing safety net in the District of Columbia, our grave concerns about the current climate facing tenants and providers, our support for the introduced legislation regarding the Emergency Rent Assistance Program (ERAP), and other remedies and interventions that are needed to help survive the ‘perfect storm’ facing all of us who care about residents in need.

About Enterprise

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 more than \$72 billion and helped create and preserve over one million homes across the United States – all to make home and community places of pride, power and belonging.

In the District of Columbia, we have helped to create or preserve more than 18,000 homes, and contributed more than \$1.7 billion in combined investments, loans, and grants since our founding.

Our affiliate Enterprise Community Development (ECD) is the largest nonprofit affordable housing provider in the Mid-Atlantic. ECD is a mission-driven organization that specializes in high-impact residential development, preservation, property management and resident services for more than 23,000 people who call our communities home. Our \$1.4 billion portfolio includes 115 communities and 13,000 homes, positioning us as the sixth largest nonprofit owner of affordable housing in the United States.

We operate 17 apartment properties in the District of Columbia, comprising over 3,000 rental homes providing affordable housing to over 5,000 low- and moderate-income District residents.

Our mission is to uplift communities and make home and community places of pride, power, and belonging. Residents are at the heart of our work. More than 20 percent of ECD’s revenues are

reinvested in programs and services to advance our residents' social, educational, financial and physical well-being.

With an end-to-end platform that touches every aspect of affordable housing and centered on equity, upward mobility, and resilience, Enterprise brings a unique national, regional, and local understanding of the issues facing the nation, and the District of Columbia.

The Current Affordable Housing Climate

The District of Columbia has been a national leader on prioritizing housing affordability and committing resources year over year to increasing housing supply across the city. Washington D.C.'s population increased by over 100,000 people between 2000 and 2018 and has increased its rental supply by over 40,000 rental units since 2000. If D.C. had not increased its housing supply in D.C. in recent years, rent may have been 5.84 percent higher in 2018. ([D.C. Gov](#))

We applaud the decisions of Mayor Muriel Bowser and the City Council, who since 2015 have invested more than \$1.3 billion in the Housing Production Trust Fund (HPTF) ([WaPo](#)), the "major tool to produce and preserve affordable housing" in D.C. ([DHCD](#)) This is in addition to many other programs, housing financing tools, and subsidies made available for home ownership, rental supports, and wrap around services. This level of public support is leveraged by even greater private and philanthropic sector contributions and investments that made it possible to achieve the Mayor's 36,000 housing unit goal earlier this year. Enterprise is proud to be a partner across our lines of service and to contribute in part to these critical milestones.

Despite these achievements, we are currently living with an unprecedented affordable housing crisis across the country and our region. A selected list of indicators begins to tell the story:

- In the U.S. over [22.4 million renter households are burdened, with a record 12.1 million](#) households spending more than half their income on housing. Between 2001 and 2021, "the number of renter households with very low incomes grew by 4.4 million to 19.3 million." ([JCHS](#))
- Although inflation across the U.S. has declined to reach a rate of [2.9%](#), prices of goods are still [20% more expensive](#) since the pandemic-induced recession began in February 2020. ([Bankrate](#))
- Low-income households are more vulnerable to these price shifts alongside escalating housing costs. For example, more than [one in ten D.C. residents face housing insecurity](#), and demand for housing programs remains high. ([Urban Institute](#))

In DC, this crisis is acute and, in some ways, unique. Due to high levels of unpaid rent in the District, affordable housing providers are unable to cover their properties' operating expenses, including mortgage payments; they are funding operating deficits at a level that has become unsustainable. One of our partners has reported that while their District of Columbia properties comprise just 2% of their total housing units in portfolio, the overall incidence of unpaid rent is 28% of the total. At the same time, reductions in Housing Production Trust Fund levels and caps on the City's bond capacity has sidelined important capital improvements needed to preserve its aging affordable housing stock and support much needed productions Conditions have become so dire that they threaten to erase substantial progress and investments that the administration, Council, and the public have made to provide more housing affordability to District residents. These conditions place existing affordable multifamily apartment communities, and future preservation and production in jeopardy. 22,000 affordable units that house 48,000 vulnerable residents are at risk of foreclosure, according to DHCD. ([Bisnow](#))

Across our end-to-end platform, Enterprise has a unique vantage point in the current climate. We see the impact of current conditions on the financial and operating health of our affordable housing partners as a lender and investor across our capital and asset management teams. We see the national and regional economic trends, increased costs of doing business, and lack of access to resources to help support tenants in communities, the management and maintenance of existing affordable rental homes, and the lost opportunities to produce and preserve new housing.

We also see the lasting health and economic impacts of the COVID-19 pandemic on residents and families, and the enabling environment and systems that provide housing and subsidy. We have heard the current conditions described as a ‘perfect storm,’ and we agree.

Many of these challenges come from ongoing impacts of the pandemic, as well as actions taken during the pandemic, which made sense then but have remained in place years later. The Chairman’s legislation addresses some of those unique elements which do not exist anywhere else in the region and are contributing explicitly to the problems today.

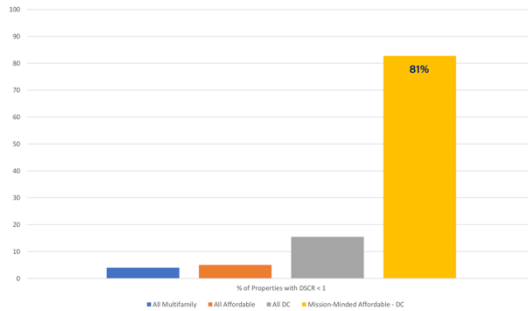
Some solutions will require long-term policy shifts and a commitment to tenants through sustainable financing for affordable housing projects and stability for providers.

D.C. practitioners are lacking critical funding and financing streams needed to properly operate, maintain, and develop the necessary affordable housing D.C. residents deserve. Simply put, this is because of:

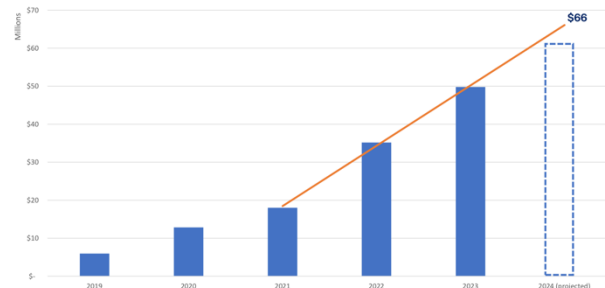
- loss of income from rents that we use to pay mortgages and loans on our properties
- increases in costs to keep the buildings open, staffed, and well-maintained
- greater demand for public sector financing than is available to meet demand for new affordable housing production and preservation
- fewer affordable housing investors willing to invest in the D.C. market
- funding sources for affordable housing (such as funds generated from commercial real estate transactions that support the Housing Production Trust Fund) that existed pre-pandemic have not returned post-pandemic.

The impacts on mission-minded providers are stark. During the height of the pandemic, Enterprise helped to convene an ad hoc consortium of 25+ mission-driven affordable housing providers. Combined the consortium members represent 140 total affordable housing communities in the District, and over 22,050 homes housing more than 44,700 residents. The consortium was formed to address the significant issue of unpaid rent, since the consequences are compounding unsustainably. We asked providers to provide their data so we could assess the overall threat and risk to our sector, our residents, and our communities:

DC Affordable Owners Consortium
Cash Deficits – Percentage of Properties That Cannot Pay Mortgage



DC Affordable Owners Consortium
Unpaid Rent Owed to Mission-Minded AH Providers



The first chart shows the disproportionate impact of unpaid rents on mission-minded affordable providers’ cash flow. On more than 80% of their properties, nonprofits represented cannot afford to pay the mortgages given reductions in tenant rent payments.

The second chart shows the upward trend of annual unpaid rent in the District affecting properties operated by consortium members— a staggering rate of \$15 million per year since 2022, with no signs of reversing on its own.

We cannot continue to overlook the growing financing crisis right as we are making progress in housing production. Instead, we must take the current challenges as an opportunity to return to what worked best pre-pandemic, and to meet the new challenges facing residents, providers, and the city today.

Why We Urge Support of the Emergency Legislation as Drafted

There is no doubt that the District’s Emergency Rent Assistance Program has helped many tenants to stay in their homes before, during, and after the pandemic. And ERAP has assisted providers by helping to offset a portion of unpaid rent.

Unfortunately, the existing language governing the ERAP program, which was added during the height of the pandemic and eviction moratorium, is still in place two years later. This language directly impacts our ability to meet our requirements to operate affordable housing. It does not exist anywhere else in the region, and the issues we face in DC are deeply affected by it.

That’s why we are one of the many organizations grateful to Chairman Mendelson and the Council for recognizing how important it is to pass this legislation as soon as possible.

Currently, tenants who apply for ERAP can merely declare that they’ve had a change in income and are otherwise eligible for the program. They don’t need to provide any information to show whether their incomes and ability to pay rent have changed, and whether these impacts are temporary or permanent. Without that information, we are unable to determine what kind of intervention and support the tenant needs, or what other supports for which they might be eligible.

For example, residents on HUD vouchers can apply to have 100% of their gap subsidy paid for by the federal government, which would save DC resources for other residents who need it. But we need to know more than a self-attestation to find that out.

In addition, as soon as a tenant applies for ERAP, any tenant-landlord court case filed (say, for nonpayment of rent) can't move forward until the application is resolved. That means we can't begin eviction diversion mediation, we can't discuss an affordable payment plan, we can't really move forward at all. Months can go by before the courts return to the case. By then the ERAP portal may have re-opened, so a tenant has the right to apply again, which perpetuates the cycle of limbo for many months. Indeed, the total eviction process took three to five months before 2020, according to a recent AOBA-Metro report. Now it takes 12 to 16 months. ([Bisnow](#))

Another big issue facing affordable housing providers is residents' refusal to recertify their incomes. As a condition of virtually all affordable housing financing programs, practitioners are required to recertify the annual incomes of all residents in subsidized units. These regulations are designed to ensure that public dollars are being used appropriately to house those who need it. Before the pandemic-era ERAP law, tenants understood their side of the social contract and worked actively with us every year, across the board, to make sure we were filing these reports and meeting our shared obligation to regulators. This process takes a lot of time for everyone, tenants and our staff, but verifying household income is fundamental to how our system works across the country.

A meaningful share of our tenants is no longer providing that information. They're not talking to their landlords at all – and there is no recourse in the courts for failure to uphold their end of this responsibility. We know some of them are really struggling, but we can't help if they won't talk to us. And we face further consequences from lenders and investors for not making these critical requirements as providers.

To be clear, we all want to reduce evictions and make it easier for residents and landlords to resolve issues together with their counsel and case managers. Eviction should always be a last resort. What's happening now under current requirements, however, is that cases are taking much longer to resolve than they did before the pandemic; as a result, what we're hearing from affordable housing practitioners is that evictions are actually *increasing* under current system in comparison to pre-pandemic levels.

We appreciate the observation that tenants don't control how long it takes for their ERAP applications to be reviewed, processed, and paid. We agree and are eager to work together with housing counseling organizations, legal aid providers, agency officials and other stakeholders to determine ways to improve the ERAP process. We've been in regular dialogues with many such organizations and continue to be actively in support of such goals.

What we can't do is allow perpetual limbo like we have now – where we never reach resolution on a tenant's case, never learn what they are going through, and never get the documentation we need to meet our shared responsibility to report on incomes annually. We know the actual process can be onerous for tenants, and it is sometimes for providers as well – and that's because it's so important to get it right. But it doesn't change the requirement that both tenants and landlords have as a condition of housing affordability programs we rely on to finance affordable housing communities. This has been true since long before the pandemic, and those requirements remain the same today, everywhere in the country. Only in DC are we seeing this level of issues completing income recertifications persist over such a long time. And it's now put the entire local system at risk of collapse.

We also appreciate that there are worst-case scenario cases involving tenants. We are open to allowing judges to have some discretion in evaluating the facts of a case where the tenant has done everything right and still is in jeopardy; perhaps that would help to limit concerns. Even so, the Chairman's legislation is absolutely essential to addressing these systemic issues that have perpetuated at scale for years. Otherwise, the consequences of the current system could cause buildings to go into foreclosure, and everyone in a building to be evicted, including those who pay their rent every month. We trust everyone can agree that would be a far worse outcome for everyone.

The Chairman's legislation is focused on ensuring we understand better when a tenant applies to ERAP what their actual needs are, what's changed and what they might be eligible for, that could help. It also ensures we have the information providers need to recertify resident households' incomes as required as a condition of operating our affordable housing buildings. And it reduces the limbo in courts so we can focus on what we all want to do – eviction diversion, and affordable payment plans that allow tenants and landlords to resolve past debts that are crippling large in too many cases. We don't want tenants saddled with these debts. We do need to get back into the rhythm of tenants paying rents they can afford, receiving subsidies that are available, and meeting our obligations together to keep affordable housing in compliance with regulators.

Therefore, we urge all Councilmembers to support the Emergency legislation as drafted.

Other Interventions and Remedies

Challenges at this scale and affecting so many providers arose over time. We know a number of longer-term responses will be necessary to help ensure tenant and provider stability, as well as recovering the pipeline for housing preservation and production moving forward. We are grateful to Mayor Bowser and the administration for making the unprecedented decision to repurpose the current round of the Trust Fund RFP to achieve greater partner sustainability this year. The \$80 million in resources will not cover all of the properties and resident communities across the District, but it will help to stabilize successful applicants in the short term in ways that can't be overstated.

For those properties that cannot access capital through the current RFP, access to stabilizing financial support is still urgently needed in a timely manner. The RFP limits awards to three properties per sponsor. At Enterprise, that means only three of our seventeen properties will be allowed to request support. We are deeply concerned for the residents across our portfolio, as well as our partners and peers who face similar situations. We also know that it will take time for changes to the enabling environment such as the emergency legislation to be implemented and start to show progress with and for tenants, landlords, counselors, and the courts.

We request the opportunity to meet in the near future across our stakeholder groups with officials to discuss what may be possible in the coming months, including but not limited to FY26 budget planning. We also reiterate our interest in working with housing counseling and legal aid practitioners and other stakeholders to consider additional improvements to ERAP and other supports that tenants may need to access subsidies and supports based on their long-term income and housing needs.

We will continue advocating for public and private solutions to restore the housing affordability supply pipeline, including preservation and new construction, affordable rental and home ownership, and other forms of resources to help across the city. We will also educate and collaborate with officials and Council to further support essential affordable housing practitioners that work every day to preserve and increase the supply of affordable housing over the long haul.

We also know that help is needed at the national level. Our Enterprise policy team is advocating for increased federal, state and local appropriations for housing and community development; expanded Housing Credit resources, exploring ways to address the insurance cost increases threatening our current and future affordable housing supply—and working with our partners to help them understand tenant needs and interventions to support them.

This includes working with Congress and the Administration to increase key federal resources like HUD's HOME Program and Section 4, as well as CDFI funding. We are also advocating to expand and strengthen the Low-Income Housing Tax Credit through the Affordable Housing Credit Improvement Act, which would finance an additional 2 million affordable rental homes over the next decade. We are also working on insurance issues, convening with national partners, the White House, federal agencies, local elected leaders and affordable housing operators, insurance companies, and brokers. We are evaluating what is driving these costs, what can be done to mitigate risk, and working with state and local leaders to find resources to assist affordable housing organizations with rising operational costs.

One thing we know is that investments by the public, private, and philanthropic sectors in affordable housing is also good for the overall economic health of the nation, and the District. It brings more jobs, more housing stability, and more housing quality to more of our local residents and neighborhoods.

Our Commitment

Thank you for your consideration of our views. If you have any questions regarding this letter or wish to speak with us further about the challenges and opportunities facing affordable housing and the residents who rely on it, please contact Melissa Bondi, Mid-Atlantic Senior Director, at mbondi@enterprisecommunity.org, or 202-407-8719.

We look forward to continued partnership with you, with Mayor Bowser and her administration, and the many outstanding affordable housing practitioners and tenant-serving organizations located across the District of Columbia.

Respectfully submitted:



Rev. David C. Bowers
Vice President and Mid-Atlantic Market Leader
Enterprise Community Partners



Ms. Janine Lind
President
Enterprise Community Development

cc: Hon. Muriel Bowser
Shaun Donovan, President and CEO, Enterprise Community Partners