

HABITAT FOR HUMANITY OF WASHINGTON, D.C.

Increasing down payment assistance to D.C. residents

Advocating for affordable homeownership as part of a “continuum of housing,” Habitat of Washington, D.C., and its partners in the Coalition for Nonprofit Housing and Economic Development persuaded the District of Columbia government to nearly double the city’s down payment assistance program in 2016, reversing major cuts. The victory is helping more low- and moderate-income households purchase their first home in a city where high home prices and disappearing low-cost rentals are making it hard for many families and workers to remain in the city where they have deep roots.

Background

Washington has seen tremendous private investment over the past decade, with 12 straight years of population growth invigorating dozens of neighborhoods citywide. But the city’s renaissance has also brought serious affordability challenges. Rents and home prices have grown much faster than local wages, and existing residents are being priced out of homeownership. The local workforce struggles to live in the city. Displacement is a pressing concern for longtime residents and their children, particularly within communities of color and in eastern neighborhoods of the city, where homeownership rates are lowest. The city’s supply of low-cost rental housing has been cut by more than half, and homelessness has spiked, particularly among families, who recently outnumbered homeless single adults.

For most of the past decade, city and federal funding has far lagged D.C.’s need for affordable homeownership and rental housing. The Great Recession brought four years of significant cuts to city housing programs starting in 2009, even after the market recovered. The city’s down payment assistance program was among those dramatically scaled back, and it continued to languish after home prices rebounded. Since the market’s recovery, private lending to lower-income households is down as well. The median income of households taking out a mortgage in D.C. in 2015 was \$109,000, according to federal Home Mortgage Disclosure Act data. That same year, private mortgage lending to households earning less than \$50,000 per year was one-third of what it was in 2007.

D.C.’S HOME PURCHASE ASSISTANCE PROGRAM

Washington’s expensive housing market makes it difficult to save enough for a down payment, posing a major barrier to homeownership. D.C.’s Home Purchase Assistance Program, or HPAP, helps low- to moderate-income households overcome this hurdle. The program provides interest-free loans and closing cost assistance to help qualified applicants purchase single-family houses, condominiums or cooperative units. Eligible applicants can now receive up to \$80,000 in gap financing assistance for a down payment, and an additional \$4,000 for closing costs. The first mortgage cannot exceed \$417,000 (the conventional conforming loan limit as of 2017).

For those earning less than 80 percent of area median income, or AMI, repayment is deferred until the property is sold or refinanced to take out equity, or until it is no longer their primary residence. Moderate-income borrowers who earn between 80 percent and 110 percent of AMI have payments deferred until the sale of the home.

Since the program’s inception in 1976, HPAP assistance has helped nearly 14,000 families purchase their first home. Most HPAP funds go to applicants with incomes at 30 to 80 percent of AMI. Many of these households are Habitat homeowners, now that D.C. Habitat has moved to a third-party mortgage model. Down payment assistance helps Habitat homeowners qualify for a mortgage that would be difficult to obtain otherwise.

Advocacy

D.C. Habitat's advocacy for down payment assistance began after funding for the Home Purchase Assistance Program was cut in half in 2009. HPAP was one of many city programs that saw cutbacks after the Great Recession, but the program continued to languish for years at low assistance levels. By early 2016, maximum down payment assistance was capped at \$50,000, with the average participant receiving much less. As a result, most low- to moderate-income homebuyers participating in the program could afford only homes less than \$300,000 at a time when the median home price in the city was over \$500,000.

D.C. Habitat President and CEO Susanne Slater made the case for greater city investment in homeownership through legislative visits to local council members and the mayor. But her advocacy was amplified significantly through Habitat's partnership with the citywide Coalition for Nonprofit Housing and Economic Development, or CNHED.

CNHED echoed Habitat's call for affordable homeownership as part of advocating for "a full continuum of housing affordable for district residents." CNHED has 140 member organizations, spanning nonprofit and for-profit affordable housing developers, housing counseling and service agencies, community development corporations, small businesses, lenders, intermediaries, associations and government agencies. The coalition advocates for expanding HPAP along with three other programs: D.C.'s Housing Production Trust Fund, the Local Rent Supplement Program, and the Permanent Supportive Housing Program.

D.C. Habitat has been closely involved with CNHED for nearly 10 years. Slater was the chair of the CNHED board for the past three years, and has served on the board for an additional four years. Her predecessor at Habitat also served on the board. Habitat's family services director and housing development director regularly participate in coalition committees.

In 2010, CNHED launched a large-scale, public campaign for affordable housing known as Housing for All. The coalition's leadership recognized that it needed to engage a broad base of supporters, including those directly affected by the affordable housing crisis, if it wanted to make affordable housing a priority for the city. A new, full-time campaign organizer helped member organizations develop greater capacity to engage their constituents in ongoing advocacy. A key focal point for the campaign was large annual rallies, which grew in size from 350 people in 2014 to 700 in 2016. Increasingly, the mayor and council members and other city officials attended the rallies where they made major commitments to affordable housing.

D.C. Habitat helped organize the rallies. Habitat homeowners participated as speakers, along with others who had benefited from past city housing investments. A priority for the Housing for All campaign was significantly growing the city's Housing Production Trust Fund to annual funding of \$100 million, but CNHED and Habitat continued to make the case for HPAP as well, citing the program's role in helping prevent displacement and promoting greater racial equity in the accumulation of home assets.

In 2015, the CNHED campaign achieved its biggest success, winning support from the mayor and the City Council for annual \$100 million contributions to the city's Housing Production Trust Fund. The city has made three consecutive \$100 million contributions since fiscal year 2015. This is the largest level of support for a city housing trust fund anywhere in the nation.

Victory for HPAP took a little longer, but sustained advocacy from Habitat and CNHED finally turned the tide in 2016. Habitat and three other members of CNHED testified before the City Council and met with city staff members to propose fixes to problems with the program's administration that were holding up political support. Habitat's ability to "walk inside and work out the details" was crucial to solidifying council support for HPAP, says Steve Glaude, president and CEO of CNHED.

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In May of that year, Mayor Muriel Bowser signed legislation increasing the maximum HPAP loan amount to \$80,000, enabling the program to better keep up with the district's high home prices. Later in 2016, the mayor and the City Council also agreed to increase HPAP's budget by \$6 million to cover both the higher allowable loan amounts and substantially higher demand for down payment assistance among prospective first-time homebuyers.

The future of HPAP looks even more promising. The City Council's pending budget for FY2019 would add \$9 million for down payment assistance.

Impact

Increasing the budget and upper limit for down payment assistance in D.C.'s HPAP "makes a huge difference for us," Susanne Slater says. "It provides tremendous access to credit for our homeowners, and it allows us to produce more homes."

Because Habitat homeowners work with third-party mortgage lenders, down payments assisted by HPAP come to D.C. Habitat as cash at settlement. Habitat is able to plow these funds back into building more homes. Since its founding in 1988, D.C. Habitat has completed 164 homes, but now with help from the growing HPAP, Habitat has 52 homes under construction.

Lessons

- 1. Coalitions boost advocacy in various ways.** "You need a lot of partners to be successful in housing advocacy," Slater says. Furthermore, "CNHED is both a collective voice and a forum for Habitat to reach the people we need to reach on behalf of our work."
- 2. Work hard to be part of the decision-making structure.** Becoming chair of the board of CNHED enabled Slater and D.C. Habitat to raise the profile of affordable homeownership citywide. This role with the coalition now has led to the mayor appointing Slater to chair the Housing Production Trust Fund's advisory board. Through this position, Slater is closely involved in decisions about how the city is allocating its \$100 million annual fund for addressing a wide range of housing needs.
- 3. Advocate for the continuum.** "Be a voice for housing writ large," Slater says. "To have credibility in a coalition as a Habitat affiliate, you have to be cognizant of what the city's full needs are, and to be a trusted voice for those needs." In the CNHED coalition, this includes advocating for funding to help people out of homelessness and for various initiatives that prevent families from falling into homelessness in the first place. It also means reminding city officials that an essential piece of the continuum is affordable homeownership. To help illustrate this continuum, or "housing ladder," D.C. Habitat uses the example of a formerly homeless veteran who is now a Habitat homeowner.
- 4. Invest in resident engagement.** "Having real people who were impacted by the programs come out and testify had a powerful impact on the Housing for All Campaign," says David Bowers, vice president and Mid-Atlantic market leader for Enterprise Community Partners. D.C. Habitat's director of family services played an important role in connecting Habitat homeowners with various speaking opportunities in the campaign. CNHED supported this engagement by organizing a campaign coordinator group that links Habitat's director of family services with front-line staff members at other coalition member organizations.
- 5. For advocacy to flourish, it needs the involvement of senior staff.** "The executive director and senior staff really have to be doing this," Slater says. "It can't just be delegated down and confined to social media." For example, in addition to engaging homeowners in speaking opportunities, Habitat's director of family services handles a lot of the political outreach for Habitat, along with Slater. This works well because the director of family services is closest to the people who benefit from the city's support for Habitat's work.

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Resources

- Susanne Slater, President and CEO, Habitat for Humanity of Washington, D.C., Susanne.slater@dchabitat.org.
- HPAP webpage: dhcd.dc.gov/service/home-purchase-assistance-program-hpap.
- Legislation establishing HPAP: code.dccouncil.us/dc/council/code/titles/42/chapters/26/.
- Case Study of CNHED's Housing for All Campaign: h4all.cnhed.org.
- Housing Production Trust Fund Baseline Funding Amendment Act of 2014: lims.dccouncil.us/Download/31333/B20-0708-SignedAct.pdf.



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19-67584/GRA/PDF/5-2019

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