



Testimony of Kevin Clinton

Federal City Council

Committee on Housing and Executive Administration

Budget Oversight Hearing

March 29, 2022

Good afternoon, Chairman Bonds and members of the Committee. My name is Kevin Clinton and I am the Chief Program Officer of the Federal City Council and I am on the Board of Directors for the Washington Housing Conservancy. The Federal City Council is a civic organization committed to the improvement of the District of Columbia. **I'm pleased to testify today about an opportunity to create more than 1000 dedicated units of affordable housing where it is most difficult to do so: in Rock Creek West.**

In 2019, the Federal City Council helped to launch the Washington Housing Initiative as a partnership between the Washington Housing Conservancy, a new 501(c)(3) nonprofit affordable housing provider, and the WHI Impact Pool, a social impact investment fund managed by JBG SMITH. Its mission is to create and preserve affordable housing in high-impact locations such as Rock Creek West.

The Washington Housing Initiative is focused on delivering affordable housing for a segment that current policies don't do enough to help. While lower-income households qualify for assistance, and higher-income households typically can afford rents, middle-income households may spend more than a third of their income on rent. **These are families who bring home between \$50,000 and \$100,000 annually and they include essential workers, such as teachers, nurses and first responders.**

DC is the envy of many cities in the country and region because of the number of tools we have to incentivize affordability in high-need areas. Councilmember Bonds, you deserve credit for many of these tools. However, the city must always be on the lookout for new and creative ways to meet demand, especially with limited resources and multiple priorities. I'm here to testify today on one such opportunity.

The Washington Housing Initiative has a unique opportunity to acquire a portfolio of properties consisting of more than 1,300 units. **Once acquired, we will make more than 1,000 units — approximately 75% of the total units—affordable to households at 80% AMI or below, with 99-year affordability covenants for all affordable units.**

In order to take advantage of this opportunity, we don't require District funding; rather, we are asking the Council to exempt the Washington Housing Initiative from the Tenant Opportunity to Purchase Act ("TOPA") for this portfolio with language in the Budget Support Act.

Why is this needed? Sales of portfolios of property under a common entity are exempt from TOPA. However, for this particular portfolio, as a technical matter, this exemption does not apply because there are legacy partners in some of the ownership entities.

The transaction, and all of the deed and recordation taxes that will come with it to the FY23 budget, will not be possible without an exemption, given the time, risk, and uncertainty created by TOPA. Without the exemption, the alternative will be to sell each building individually over time—a lost opportunity to create affordable housing in Ward 3.

The transaction itself will carry out the very purpose of TOPA. TOPA was enacted to discourage displacement resulting from the conversion or sale of rental property. In this case, the properties are being sold to create long-term affordable units in neighborhoods that need it most.

While we all know that the city has a tremendous need for more and affordable housing, the need is not evenly distributed. According to the District's 2019 Housing Equity Report, Rock Creek West has made the least progress towards achieving its Housing Equity goals. This lack of affordable housing in Rock Creek West limits the District's ability to fulfill its vision of being an equitable city.

By exempting WHI's acquisition of the three properties from TOPA, the Council can directly ensure a win-win result for the District, residents, and long-term affordability in Ward 3.

Thank you for the opportunity to submit this testimony and for your leadership during this critical period.