

BHSF District Recommendations
DRAFT and DELIBERATIVE
August 22, 2022

GOAL suggestions: 2030 goal of 20,000 net new Black homeowners.

Recommendation 1 – To assist senior Black homeowners to pass their properties to family members or other homebuyers to occupy the homes, the BHSF recommends:

- The District should provide estate planning resources and legal services to assist with the transfer of ownership to homeowners and heirs. Additional financial incentives should be considered to support the transfers such as tax savings, reduced transfer fees, or a bridge loan to Black homeowners to support interfamily (or to owner-occupant homebuyers) transfers/sales of property.

Strike force member and resident concerns:

- Estate planning support needed especially for seniors.
- Funding for heir's property transition. Examples: Address reverse mortgages, help siblings buy each other out, and tax relief when passing the home to family.
- Proactive resources for senior homeowners. Example: Automatic homestead deduction filing at closing and estate planning resources for residents.

Recommendation 2 - To protect homeowners from harassment, BHSF recommends:

- The District should pass legislation to protect homeowners from unwanted solicitation regarding the sale or potential purchase of their homes, including requirements for homeowners to opt-in for such solicitation. The District should clarify that investor and wholesale purchasers are subject to the District's consumer protection laws, require registration of investors and wholesale purchasers to do business in the District and impose penalties for non-compliance.

Strike Force member and resident concerns:

- Excessive phone calls harassing homeowners to sell their homes.
- Proactive resources for senior homeowners.

Recommendation 3 - To support Black homeowners who are severely burdened by housing costs to remain in their homes, the BHSF recommends:

- The District should create a program that aids Black homeowners who have experienced and are at risk of foreclosure due to their inability to pay their mortgage and related housing fees. This program should build on the same requirements and guidelines currently established by DHCD for the Homeowner Assistance Fund and add technical assistance and training as well as financial incentives for good management for condominium associations and homeowners associations with low-income residents.

Strike force member and resident concerns:

- The Homeownership Assistance Fund is a time limited program. A program is needed to provide financial assistance for homeowners at risk of foreclosure, that would include mortgage assistance and also condo/HOA fees and property taxes (the latter two often key to those who have paid off their mortgages).
- Proactive resources for senior homeowners.
- Support condominium associations and owners to preserve the property. Examples: Expanding existing programs to include condo owners and provide resources to financially stabilize associations.

Recommendation 4 - To provide resources to Black families struggling to make home repairs, the BHSF recommends:

- The District should convene all relevant DC government agencies including DHCD, DOEE, and DACL, and nonprofits that provide home improvement/accessibility work to coordinate program offerings, ensure major repairs are completed for all homeowners including coops and condos, while also providing financial support and technical assistance to Black homeowners in rehabilitating their homes.

Strike force member and resident concerns:

- More is needed to support homeowners who need assistance in making timely repairs to their homes in order to help them preserve their home and their ability to stay in their homes.
- Support condominium associations and owners to preserve the property.

Recommendation 5 - To discourage conversion of older housing stock into housing that is unaffordable for Black homebuyers and to ensure quality housing rehabilitation, the BHSF recommends:

- The District should incentivize new construction and renovation of single family residential by or for sale to owner occupants and establish a requirement that investors disclose to homebuyers the scope of work, the permits used and the cost of the renovations, with penalties imposed for sellers who fail to disclose as part of the sale.

Strike force member and resident concerns:

- Concerns about investors buying up existing housing stock and flipping at market rates driving a speculative market.
- The need to slowdown the speculative market and therefore create a more rational market for potential Black homeowners.
- Stronger accountability to improve the quality of home construction. Examples: Improve the workmanship of flipped houses and ability for HOA to go after builders after the LLC is dissolved.

Recommendations 6 – To increase the supply of homes for ownership that are affordable to Black homebuyers, the BHSF recommends:

- As District redevelops District owned/acquired properties, the District should provide homeownership units to Black owner occupant homebuyers with a mixed income requirement with an average income restriction of 80% MFI.

Strike force member and resident concerns:

- With limited resources, vacant District land is an important resource that can be set aside for homeownership units for Black homebuyers.
- Leverage vacant property to increase the supply of homes. Examples: Stop developers from abusing the vacant property laws.
- Increase affordable homeownership opportunities.

Recommendation 7 – To support quicker delivery of affordable homeownership units, the BHSF recommends:

- The District should identify ways to accelerate zoning and permitting for homeownership projects, especially for projects with units affordable at 80% MFI and below.

Strike force member and resident concerns:

- Faster permitting needed across all permitting agencies (i.e. DCRA, DOEE, DOT, etc.) to help reduce costs to homeownership projects to incentive developers to pursue these opportunities.
- Stronger accountability to improve the quality of home construction.

Recommendation 8 – To increase the supply of homes for ownership that are affordable to Black homebuyers, the BHSF recommends:

- The District should leverage the \$10 million Black Homeownership Fund to create a public-private fund (i.e., Homeownership Production Trust Fund) where 1/3 of the units are affordable, 1/3 of units are for middle income earners, and 1/3 of units are market rate and sold to Black owner-occupant homebuyers. In addition, the fund would seek to achieve the following:
 - ⊖ Fund homeownership projects that meet a mixed income requirement with an average income restriction of 80% MFI. Priority may be given to projects that include units at or below 60% MFI.
 - ⊖ Partner with mission driven investors including Community Development Financial Institutions (CDFIs), Environmental, Social and Governance (ESG), or for-profit and nonprofit homebuilders, to acquire homes at their fair market value and rehabilitate or create new homeownership units.
 - ⊖ Invest in homeownership projects with a return of the initial investment at lower rates in exchange for affordability at targeted income levels for Black owner-occupants.

Strike force member and concerns:

- Preserving homes being sold especially by older Black homeowners for new Black homebuyers.
- Increase affordable homeownership opportunities.
- Subsidy needed to support homeownership projects and HPTF is unable to do so.
- Developers often can only get 75% to 80% of financing from the bank and need to come up with the remainder. Flexible financing needed to allow developers to compete with investors, which would also help with keeping homes at more affordable prices.
- Flexibility needed to make projects feasible while also ensuring units are developed at affordable and middle income bands.

Recommendation 9 – To broaden awareness of programs to support homeownership, the BHSF recommends:

The District should create an online comprehensive District homeownership platform for District residents to achieve the following:

- Highlight financial and housing counseling prior to starting homeownership journey to help potential homeowners prepare financially (i.e. credit repair, addressing student loans, increasing savings, etc.);
- Provide rehabilitation counseling for owner-occupant homebuyers to rehabilitate formerly vacant properties, or homes with a needed repairs, into a stable home by preparing a scope of work, helping families determine which projects they can complete themselves, and assisting families in picking a certified contractor, and in supervising their work with contractors;
- Leverage Front Door programs especially post purchase to help homeowners maintain and stay in their homes; and
- List private and public down payment assistance programs and grants.

The District should provide ensure education and outreach, and community engagement is developed to socialize the platform and user interface. Afterwards, the District should work with credible community messengers to promote the platform to Black households.

Strike force member and resident concerns:

- Not enough of the public are aware of existing homeownership programs, limiting their value and use.
- Easily accessible resources needed to guide the homeownership journey, including preservation. Examples: Expand CBO staffing and create an online resource for residents.
- Online on-demand homebuyers course. Example: I can get a degree online why can't I get my HPAP certificate.
- Programs to assist renters with savings. Example: Residents are too house burdened to save money for a home.

Recommendation 10 – To increase ability of Black homebuyers using District programs to compete for homes in the current real estate market, the BHSF recommends:

The District should increase the effectiveness of all homeownership programs (ie. HPAP, EHAP, DC Open Doors, etc.) to effectively participate with the market through the following strategies:

- Establish a certified lender (and realtor) pool for HPAP with a preference towards loans that have zero down and zero closing costs;
- Increase HPAP funding to help support the goal of Black homeownership in the District;
- Increase the amount of down payment assistance available to homeowners, and/or where possible to buydown the interest rate;
- Automate the HPAP application process;
- Provide residents with a pre-certification ensuring their ability to proceed with bidding on homes;
- Leverage other private and public down payment assistance and grants, including Special Purpose Credit Programs;
- Streamline underwriting guidelines with federal financing;
- Allow rental payments to be considered for establishing credit;
- Increase income limit to 120% MFI;
- Allow for the purchase of 1-4 units for the purpose of helping owners afford the home and generate wealth;
- Encourage incentives for HPAP recipients interested in selling, to sell to an HPAP applicant (i.e. provide a first-look, reduce fees, etc.);
- Enhance the customer experience; and
- Develop a comprehensive homeownership training program for buyers, sellers, appraisers, contractors, lenders, and realtors.

Strike force member and resident concerns:

- Heightened concerns that existing homeownership programs actually deter homebuyers from obtaining homes in the current market and also generating wealth.
- Allow owner-occupied multi-family purchases. Example: Expand eligibility within HPAP.
- Financial support for middle-income earners, including down payment. Example: Student loan relief for Black homebuyers.
- Expand rehabilitation loans for families to compete with investors. Example: Financing programs that are efficient through closing. Residents will be competing with mostly cash offers.
- Improve the efficiency of down payment assistance. Example: Must be faster to meet the goals. To the seller, it should seem like the down payment assistance was a “gift”.
- Required training for realtors, lenders and appraisers. Example: Include diversity in hiring initiatives.