



[Affordable Housing](#)

[Resident Life](#)

[Youth Services](#)

[Reentry Housing](#)

**Testimony of James D Knight
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Jubilee Housing, Inc.
Before
COUNCILMEMBER ANITA BONDS, CHAIR
COMMITTEE ON HOUSING AND EXECUTIVE ADMINISTRATION
June 4, 2021**

Good morning, Chairwoman Bonds and Members of the Committee. My name is Jim Knight and I have had the privilege of serving as the President and CEO of Jubilee Housing for the past 19 years.

Founded in 1973, Jubilee works to build diverse, compassionate communities that create opportunities for everyone to thrive. Jubilee owns and operates 10 deeply affordable housing properties serving nearly 600 residents in the Adams Morgan community, where gentrification threatens to displace countless long-term residents. We have another 4 properties totaling 120 homes under development that will provide much needed family sized homes, and a continuum of housing and services for men and women returning home from incarceration.

As the City looks to emerge from the devastation of the pandemic, we must focus our resources on strengthening our communities and building a pathway to prosperity for all residents. Few investments offer greater long-term impact for inclusion and equity than affordable housing development.

We applaud the Mayor's proposed historic investment of \$400M in new HPTF funds through the FY 21 supplemental and FY 22 budgets. We need an investment of this magnitude, because the affordability crisis is growing, and because we have a large pipeline of high quality projects that are ready to use these funds quickly.

- About half of the \$400M will be used to fund existing projects that have been waiting in the pipeline since 2019.
- The remaining funds will support other projects that were not able to advance during the pandemic shortfall, as well as new projects that have yet to apply for financing.
- The last RFP was conducted in 2019, more than 20 months ago. There are scores of new projects waiting to apply that will likely exceed the remaining FY22 funding almost immediately.
- In addition, at least 4000 units are caught in the TOPA tolling process and barring an extension to the health emergency, will go on the clock to exercise their rights as soon as August of this year. Of those, Jubilee is aware of about 300 units in our own footprint that will be ripe for preservation.

So, it's critical that at minimum Council support the existing \$400M funding level, and that city leaders be prepared to follow in FY 23 with another substantial investment in order to keep pace with available project demand.

The remainder of my testimony will focus on critical needs that can't be met with HPTF investments alone. Jubilee believes that housing budget and policy should focus support for residents who are most cut off from prosperity and equity:

- Residents earning 30% AMI and below and those with the greatest barriers, such as residents returning home from incarceration.
- Residents who are ready to transition into homeownership but are priced out of DC's extremely hot ownership market.

The pathway to prosperity starts with deeply affordable rental housing as a beginning point and ends with affordable home ownership that enables more people to move into the middle class.

Despite the historic investments of the Mayor and this Council, we still do not meet legislated levels for 30%MFI affordability. Over the last three years, the percentage of HPTF spent on 30% MFI units ranges between 15 and 20%, instead of the mandated target of 50%.

30% units cost the same to produce, but they generate less rental revenue, and therefore require more subsidy per unit. Increasing production will require that we allocate resources with that goal in mind. Our recommendations include the following:

- Adopt underwriting criteria that favors 30% MFI production, through clear scoring advantages, and priority selection status
- Assure that there is enough LRSP to match the designated %of HPTF. A general rule of thumb is \$7M in LRSP per \$100M in HPTF
- Use the 9% LIHTC on projects that have a high number of 30% MFI units
- Streamline selection for projects that produce large numbers of PSH, large numbers of 30% MFI, and large numbers for returning citizens or other disadvantaged populations.
- Support set-asides for special populations, especially returning citizens, who presently must experience long periods of homelessness in order to qualify for PSH

For decades we've watched as Jubilee residents move from affordable rental housing into homeownership. In recent years, that rung on the ladder has grown increasingly wide to the point where it is no longer commonplace for residents.

The city has a rare chance to resurrect and super charge that pathway by utilizing some of the unprecedented federal funds to create new affordable homeownership opportunities.

Today in D.C. white households have 18x the wealth that black households do. Homeownership is widely recognized as the most potent way to generate wealth for families. HPAP is a very important tool for making home ownership more affordable, but it is not enough. In current market conditions, we

need development subsidies that help developers absorb the higher cost of producing homes. We support:

- Establishing a new fund dedicated to home ownership production where homeowners are able to realize enough equity to develop intergenerational wealth
- Carving out 1/3 of property dispositions from city owned sites that are well suited for affordable homeownership to reach prospective homeowners earning at 50, 60 and 70 % MFI

Jubilee applauds the historic level of investment in the bold production goals for 2025. We also caution city leaders to be sure that the race to a bold unit count does not prevent investments from going where they are needed most – for those with greatest barriers to stability, and those who are ready to move into homeownership.