

A RESOLUTION

25-391

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

December 19, 2023

To declare the existence of an emergency with respect to the need to remove restrictions that are preventing eligible prospective homeowners from using Home Purchase Assistance Program funding.

RESOLVED, BY THE COUNCIL DISTRICT OF COLUMBIA, That this resolution may be cited as the “Home Purchase Assistance Program Protection Emergency Declaration Resolution of 2023”.

Sec. 2. (a) Homeownership can support economic mobility and improve financial outcomes for Black residents and residents with very low- to moderate-incomes in the District.

(b) To support increased homeownership, the District began the Home Purchase Assistance Program (“HPAP”) in 1978, through which the District provides interest-free loans and closing cost assistance to first-time homebuyers whose income does not exceed 110% of the Median Family Income (“MFI”).

(c) Eligible applicants to HPAP must be the head of their household, a first-time homebuyer, very low- to moderate-income, have not had an ownership interest in any residential real estate within 3 years prior to the application, live in the purchased home as their primary residence, purchase a home in the District, and have a good credit rating.

(d) Low income, elderly, handicapped, disabled, or displaced District residents are the first priority for HPAP, followed sequentially by any other eligible District residents, non-residents who have been employed in the District for one year prior to application, and non-residents who have lived in the District for 3 consecutive years as an adult.

(e) The Department of Housing and Community Development (“DHCD”) oversees HPAP, while the Greater Washington Urban League and the District’s Housing Finance Agency assess applicants’ eligibility and administer HPAP.

(f) On October 1, 2022, the maximum amount of assistance eligible applicants could receive increased from \$80,000 to \$202,000.

(g) On June 26, 2023, DHCD sent a letter to the roughly 700 eligible HPAP applicants notifying them that HPAP funding had run out for Fiscal Year 2023, and applicants without ratified sales contracts and confirmed closing dates would have to wait until Fiscal Year 2024 on October 1, 2023, to receive funding.

(h) The June announcement shocked lenders and applicants who had already invested

thousands of dollars in inspections and purchasing costs; however, many applicants stayed the course and patiently awaited HPAP's reopening in October.

(i) In October 2023, DHCD announced that HPAP would reopen and begin accepting lender packages on October 11, 2023. DHCD said it would publish a dashboard to inform potential borrowers of fund availability over time out of an initial \$26.2 million in Fiscal Year 2024, and any applicant with a notice of eligibility for HPAP issued between June 22, 2022, and December 31, 2022, would remain eligible through December 31, 2023, though notices are usually only valid for one year.

(j) DHCD's October update also added new restrictions on HPAP funding: Loans could not exceed 30% of the price of the property, also known as 30% Loan to Value ("LTV"), and loans could not be more than the first trust mortgage.

(k) The new restrictions most directly impacted very low- and low-income households, including households on fixed incomes like seniors and people with disabilities, who rely on HPAP financing to achieve their dreams of homeownership because they are not eligible for larger loans from first trust lenders.

(l) Initially, DHCD said it would assess applications from borrowers whose incomes were under 50% MFI on a case-by-case basis and possibly permit an LTV of more than 30% but no more than 50%. However, in December, DHCD stated it would not grant any exceptions to the new restrictions.

(m) Newly non-eligible HPAP participants have been financially and emotionally devastated by this policy change. Participants shared they already had notices of eligibility, had waited for the funding to reopen, and had invested thousands of dollars and countless hours on inspections and other purchase costs, only to now be excluded.

(n) Emergency legislation is immediately necessary to ensure that eligible HPAP applicants who received notices of eligibility prior to DHCD's changed policy can utilize HPAP loans, as intended, while funding is still available.

Sec. 3. The Council of the District of Columbia determines that the circumstances enumerated in section 2 constitute emergency circumstances making it necessary that the Home Purchase Assistance Program Protection Emergency Amendment Act of 2023 be adopted after a single reading.

Sec. 4. This resolution shall take effect immediately.