



[www.legalaiddc.org](http://www.legalaiddc.org)  
1331 H Street, NW  
Suite 350  
Washington, DC 20005  
(202) 628-1161

---

**Testimony of Johanna Schmidt  
Senior Staff Attorney, Consumer Law Unit  
Legal Aid DC**

**Before the Committee on Housing  
Council of the District of Columbia**

**Performance Oversight Hearing Regarding  
the Department of Housing and Community Development**

**March 3, 2025**

Legal Aid DC<sup>1</sup> submits the following testimony regarding the Department of Housing and Community Development's (DHCD) role in administering the District's Homeowner Assistance Fund.

The Homeowner Assistance Fund (HAF) promises to use \$50 million in federal funds to provide grants to District homeowners who are suffering financially from the pandemic to save their homes and avoid displacement. HAF provides assistance to help homeowners catch up on mortgage payments, condominium fees, property taxes, utilities, and other housing-related payments.

The HAF program is a unique opportunity to stem the tide of displacement, to preserve low and moderate-income homeownership, and to build generational wealth, which would in turn help to narrow D.C.'s racial wealth gap. The HAF program has helped many of Legal Aid DC's clients keep their homes across all wards. But the promise of the HAF program has been tampered by the delay in disbursing the remaining HAF funds, and the program's current state of uncertainty has left many DC homeowners confused as to whether they will receive HAF funds as expected. Effective administration of the HAF

---

<sup>1</sup> Legal Aid DC is the oldest and largest general civil legal services program in the District of Columbia. The largest part of our work is comprised of individual representation in housing, domestic violence/family, public benefits, and consumer law. We also work on immigration law matters and help individuals with the collateral consequences of their involvement with the criminal legal system. From the experiences of our clients, we identify opportunities for court and law reform, public policy advocacy, and systemic litigation. For more information, visit [www.LegalAidDC.org](http://www.LegalAidDC.org).

program is critical to preserving Black and Latinx homeownership in the District given that Black and Latinx homeowners face disproportionately high risks of losing their homes.

We respectfully ask the Committee to use the oversight process to ask the following questions of DHCD:

- In its oversight responses, the Agency stated \$40,152,472.19 was expended. Is that the total amount of the \$50 million the District was awarded that was spent or allocated for both administrative needs and grants to homeowners?
- How much money is remaining for HAF to expend in grant funding?
- If the money has not been spent, when does HAF expect to expend the remaining funds? And how will the remaining funds be prioritized?
- How many individuals were put on the “waitlist” in July 2024? How many individuals remain on that waitlist?
- How many individuals so far have been denied HAF funding due to the Agency determining it had insufficient funds?
- When will HAF notify individuals who still have not received a final determination whether they will receive HAF funds?
- If all the money has been spent, how did HAF use the \$1.7 million it reallocated to grant funding in Fall 2024?
- How many individuals who were approved for HAF funding will ultimately not receive it? When will those individuals receive firm denials from the HAF program?
- How much money would be required to provide HAF funding to those individuals?
- Is DHCD considering how to compensate individuals who were approved for HAF but will not receive HAF funds? If so, what would that compensation look like?

Legal Aid also encourages the Committee to use the oversight process to ask DHCD what lessons it learned in administering HAF so that the District can consider funding HAF to provide for those individuals who may be left stranded and as a result will lose their homes without these funds.

## **DHCD Should Expeditiously Provide the Remaining HAF Funds to Homeowners**

As Legal Aid has previously testified,<sup>2</sup> DHCD making timely HAF payments for District homeowners is imperative to help the largest number of homeowners possible and prevent homeowners from suffering too many negative consequences from delays. Every month that HAF does not pay a mortgage, a homeowner's bill grows larger, and it becomes harder for them to catch up on payments increasing the likelihood of a preventable foreclosure.

Many homeowners have been waiting since the program first opened in 2022 for HAF funds and have not seen payment – waiting almost three years on the District's promises that it would help them. In June 2024, DHCD abruptly announced it would be closing its doors and not accepting new applications. Shortly thereafter, in early July 2024, DHCD placed every remaining HAF application on a "waitlist" citing limited funds. Then, in the fall 2024, DHCD sought and received permission from the Council and Mayor to reallocate \$1.7 million of funding to grants for the program, which was approved. This influx of funding was poised, as Legal Aid understood, to be a huge boon to ensure that more homeowners were able to keep their homes through the HAF program making good on its promise.

Unfortunately, we do not know how, if at all, those funds have been spent. DHCD, in its oversight responses, states that it has spent \$40,152,472.19, meaning \$9,847,527.81 of the federal grant are unaccounted for.<sup>3</sup> This is consistent with the 2024 quarter 3 report that HAF provided to the US Treasury, which was published on January 27, 2025, and encapsulates expenditures by HAF through September 30, 2024, at which time, HAF had

---

<sup>2</sup> See Testimony of Deborah Cuevas Hill, Legal Aid DC, Performance Oversight Hearing Regarding the Department of Housing and Community Development (February 15, 2024), <https://www.legalaiddc.org/media/3867/download?inline>; Testimony of Jennifer Klein Joseph, Legal Aid DC, Performance Oversight Hearing Regarding the Department of Housing and Community Development (February 13, 2023), <https://www.legalaiddc.org/media/3394/download?inline>; Testimony of Shirley Horng, Legal Aid of the District of Columbia, Performance Oversight Hearing Regarding the Department of Housing and Community Development (January 19, 2022), <https://www.legalaiddc.org/media/297/download>.

<sup>3</sup> D.C. Dep't of Housing & Community Development, Oversight Question Responses FY 2024 40-43 (Feb. 28, 2025).

spent \$38,664,636.<sup>4</sup> However, this much money is far more than HAF has been suggesting is left to homeowners and advocates, as HAF constantly maintains it has effectively no money remaining for individuals.

Because of the uncertainty around these funds, Legal Aid has questions about the status of those funds and when they will be spent for homeowners. While Legal Aid appreciates that DHCD may want to spend money cautiously, Legal Aid is all too aware that the growing bills for some homeowners may cause their mortgage to balloon beyond the funds that HAF may have left and unless additional local funds are allocated to the program. The longer DHCD waits to disburse these funds, the fewer homeowners the funds will be able to help, contrary to the purpose of the program.

The prompt dissemination of these funds is particularly important for homeowners who have been waiting on HAF funds for many years. Some of these homeowners can no longer afford to pursue loss mitigation options through their mortgage servicers. A variety of factors cause this reality. First, the current mortgage interest rate market, which continues to hover at a 7% interest rate for a 30-year mortgage, may preclude a homeowner from being able to pay a modified mortgage, if their interest rate goes up. For a homeowner who has a 2% interest rate currently, raising their interest rate only increases a mortgage payment, potentially making it unaffordable. Second, the fees that have built up on a mortgage for the last two years while someone has been waiting to receive HAF would likely balloon a homeowner's principal mortgage balance in a modified mortgage, further making payments unaffordable.

HAF grants, however, enable a homeowner to become current again, preserving that interest rate and effectuating an affordable payment. This is why the promise of HAF remains vital for so many homeowners, who may not be able to afford their homes if they are forced to modify their mortgages. Because HAF is many homeowners' only viable option to keep their homes, Legal Aid encourages the Council to urge the DHCD to use the remaining HAF funds quickly to reinstate mortgages and save homes, especially for our most needy neighbors. If the \$1.7 million in reallocated funds to the HAF program is no longer available, Legal Aid encourages the Council to force DHCD to account for how it used those funds.

---

<sup>4</sup> See HAF Q3 2024 Quarterly Report – Breakdown of Participant Program Assistance to Households, *available at* <https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fhome.treasury.gov%2Fsystem%2Ffiles%2F136%2FHAF-Q3-2024-Quarterly-Report-Data.xlsx&wdOrigin=BROWSELINK> (last visited Feb. 22, 2025).

---

## **DHCD Must Provide Clear and Timely Updates to Homeowner Applicants Still Waiting on Payments**

As Legal Aid has previously testified, HAF needs to provide clear updates to homeowners about if their mortgages will actually be paid by HAF.

Many homeowners have been stuck in a state of uncertainty, receiving flip-flopping messages about whether they will receive HAF funds. After HAF abruptly stopped accepting applications in June 2024, it notified homeowners they were being placed on a “waitlist” for funds. Even though DHCD initially told homeowners to consider other options to save their homes, the agency simultaneously has notified some homeowners that HAF is approving their applications, moving them off of “compliance holds,” or requesting (and obtaining) confirmation from mortgage servicers and other entities about the amounts needed to bring a loan current – seemingly gearing up to make payment on a homeowner’s behalf.<sup>5</sup> Others have not received these encouraging, although mixed messages, and have simply languished on the waitlist.

These inconsistent communications from HAF have caused distress for homeowners, who are at a loss of what to do. If HAF funds are not available, homeowners need to promptly pursue other options to avoid foreclosure of their homes. The longer they wait, the more difficult it will be for homeowners to save their homes through loss mitigation options as their balances grow as legal fees, collection costs, and additional arrears pile up. Homeowners deserve to know the reality of their application promptly. If funds remain available, DHCD should disperse them to homeowners quickly.

## **DHCD Must Provide Clear Information on How Many Approved Homeowners Will Be Denied Due to Lack of Funds and How That Came to Pass**

Legal Aid urges the Council to get detailed information from DHCD about program metrics, in light of DHCD’s messaging on its website that all \$50 million of grant funds

---

<sup>5</sup> Frustratingly, homeowners are also receiving no communications from DHCD when they are denied relief from HAF, only finding out when they check their portals. As a result, many homeowners do not know they were denied, let alone the basis for that denial. This failure to notify is consistent with Legal Aid’s prior testimony sharing our concerns with DHCD’s consistent communications to homeowners.

have been allocated.<sup>6</sup> This is specifically needed to learn the number of homeowners who were approved for HAF assistance for their mortgages and who will not be paid that assistance by HAF due to its lack of funds, and the amount of funding that DHCD estimates would be needed to pay for those mortgages.

DHCD provides some information to the US Treasury on a quarterly basis about its HAF program.<sup>7</sup> However, that information does not provide granular details of what types of assistance were provided or specifically capture that an individual was denied HAF due to lack of program funds. Moreover, because we understand that DHCD may not have spent all the HAF funds yet, we do not yet have a complete picture of how many people will actually be left without funding.<sup>8</sup>

Because of this, Legal Aid encourages the Council to get the data on how many will be left stranded by HAF failing to pay and what it would cost for those mortgages to be paid. Many of these homeowners have been waiting for HAF for almost three years, relying on its promise to bring their mortgages current and giving them a fresh start in their homes following the pandemic. It is unjust for the District to turn a blind eye to those homeowners and we should understand exactly what it would take to bring them current.

## Conclusion

The HAF program has been a vital lifeline to District homeowners, preventing foreclosures and displacement, which is critical to addressing the racial wealth and homeownership gaps in the District. Legal Aid urges this Committee and the Council to ensure the last funds of HAF were spent to preserve homes and that homeowners who are not receiving funds are notified promptly to take the appropriate and necessary action to try to keep their homes. We also urge the Council to ask DHCD to allocate

---

<sup>6</sup> D.C. Dept't of Housing & Community Development, Homeowner Assistance Fund, <https://haf.dc.gov/> (last visited Feb. 28, 2025) ("The DC Homeowner Assistance Fund (HAF) has allocated all of the available \$50 million in federal COVID relief funding from the American Rescue Plan and stopped accepting applications as of June 30. The program has ended and will no longer provide grant assistance or payments to District homeowners affected by COVID-19.").

<sup>7</sup> See generally *id.*

<sup>8</sup> The most recent Treasury data, which is for quarter 3 of 2024 and was published in January 2025, suggests that as of that reporting, there were around 301 individuals who had been approved for HAF but had not yet received any assistance. See generally *id.* Legal Aid anticipates that, because of the remaining HAF funds, this number may be smaller, though we are uncertain of an exact figure.

more funding to the HAF program to protect those homeowners who are being left stranded.

We thank the Committee for the opportunity to submit this testimony.