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Before the Department of Housing and Community Development

FY 2027 - 2031 Consolidated Plan Public Hearing

August 7, 2026

Legal Aid DC[1] submits the following testimony regarding the *District of Columbia's Fiscal Years 2027 - 2031 Consolidated Plan*. Our testimony focuses on:

1. The need for more housing for extremely low-income families;

2. Rhetoric that blames tenants and their rights obscures the underlying problem;

3. Conditions in low-income housing are worse than the plan states; and

4. The need for a foreclosure prevention fund to be established, using some of these HUD funds.

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[1] 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.

Legal Aid's housing law practice works to preserve safe, stable, and affordable housing for DC tenants. In our eviction defense practice, we represent low-income District residents facing eviction primarily due to non-payment of rent. Through our case work, we meet with low-income tenants who struggle to afford their rent and suffer through unsafe living conditions. Because of the lack of safe, affordable housing, we urge DHCD to prioritize expanding the stock of housing for extremely low-income families.

Legal Aid's consumer law practice focuses on foreclosure defense work, along with other areas. In our foreclosure defense practice, we represent low-income District residents facing all types of foreclosures, including mortgage, condominium assessment, and real property tax. Through our case work, we have seen numerous low-income homeowners struggle to retain their homes after they fall behind, due to the limited number of private resolution options available. Because of this sparse landscape, and the need to build and preserve generational wealth for our low-income neighbors, we urge DHCD to reallocate some of the funds it receives from HUD to provide funds to enable low-income homeowners to retain their homes, preserve their equity, and build generational wealth.

The FY 2026 – 2027 Consolidated Plan Correctly Acknowledges the Need for More Housing for Extremely Low-Income Housing

The District must invest heavily in preserving and expanding affordable housing for extremely low-income tenants. There is currently a severe shortage of affordable housing for extremely low-income tenants.[2] While households with income up to 80% of Area Median Income ("AMI") are eligible for many affordable housing programs such as the Low-Income Housing Tax Credit (LIHTC),[3] many residents are left behind. Providing funding for housing that only serves the upper end of that population leaves a large number of DC residents without affordable housing. Extremely low-income (ELI)

[2] *See, e.g.*, Nat'l Low Income Hous. Coalition, "District of Columbia: Housing Needs by State," https://nlihc.org/housing-needs-by-state/district-columbia.

[3] 26 U.S.C. § 42(g)(1)(C)(ii)(III).

households, whose incomes fall at or below 30% of AMI,[4] are being pushed out of DC by rising rent costs as well as deteriorating and unsafe housing conditions.[5]

District rents are not affordable for our lowest income residents. The average monthly rent in the District is $2,524.[6] These expensive rents put safe housing out of reach for many low-income households. For an extremely low-income family of four, any monthly rent amount over $1,160 is unaffordable.[7] In the District there are only 32 affordable and available homes per 100 ELI households, compared to 95 such units per 100 households at 80% of AMI.[8]

The FY 2026 – 2027 Consolidated Plan ("Con Plan") acknowledges this problem. The Con Plan states that there are 60,105 households in the District whose income is at 30% or below AMI.[9] Nearly 25,000 of those households live in housing which costs more than half of their income.[10] Those families are also dealing with the rising costs of food, medical expenses, and utilities.[11] The Con Plan correctly assess that, "As the supply of market-affordable housing dwindles, the demand for committed affordable units outstrips the limited supply."[12]

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[4] Nat'l Low Income Hous. Coalition, "District of Columbia: Housing Needs by State" https://nlihc.org/housing-needs-by-state/district-columbia.

[5] *See, e.g.*, Eliana Golding, DC Fiscal Policy Institute, "A Holistic and Reparative Agenda for Ending Displacement in DC" (Nov. 16, 2023), https://www.dcfpi.org/all/agenda-for-ending-displacement/.

[6] "Washington, DC Rental Market Trends" RentCafe, https://www.rentcafe.com/average-rent-market-trends/us/dc/washington/.

[7] Nat'l Low Income Hous. Coalition, "District of Columbia: Out of Reach" https://nlihc.org/oor/state/dc.

[8] Nat'l Low Income Hous. Coalition, "District of Columbia: Housing Needs by State" https://nlihc.org/housing-needs-by-state/district-columbia.

[9] District of Columbia Department of Housign and Community Development, "Fiscal Year 2027 – 2031 Consolidated Plan" (hereinafter "Con Plan") (July 2026) at 17.

[10] Con Plan at 18.

[11] Con Plan at 49.

[12] Con Plan at 24.

The Con Plan touts Mayor Bowser's 2019 Order to create 36,000 new housing units of which 12,000 are affordable for low-income households by 2025.[13] Unfortunately only 10,515 affordable housing units were created between January 2019 and December 2024.[14] This is simply not nearly enough units to meet the District's need. We agree that "high market rents, limited affordable supply, and widespread cost burden reinforce why expanding affordable housing remains a top priority."[15]

The Con Plan Irresponsibly Blames Tenants and Their Rights

The loss of market-affordable housing is not a new problem. The Con Plan finds that "[B]etween 2016 and 2020, the District lost units of market affordable rental housing, with rents rising at approximately double the rate of incomes."[16] The data clearly supports this contention. However, the Con Plan parrots an anti-tenant narrative to shift responsibility for this problem.

One small but revealing error is the Con Plan's assertion that, "Due to local statue protection, landlords are not renewing the leases of lower-income tenants, forcing them to leave their current housing."[17] This is an incorrect statement of District law. Tenants cannot be evicted on the sole basis of the lease term expiring.[18] While the Con Plan does not provide any evidence of this happening, we are concerned that such practices could be source of income discrimination which would be a violation of the DC Human Rights Act.[19]

More concerning is DHCD's response to the section titled, "Negative effects of public policies on affordable housing and residential investment." Under the heading "Pandemic-Era Eviction Policies and Their Lingering Effects," DHCD blames tenants and their rights

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[13] Con Plan at 50.

[14] Deputy Mayor for Planning & Economic Development, "DMPED 36,000 by 2025 Dashboard" https://open.dc.gov/36000by2025 (last accessed Aug 4, 2026).

[15] Con Plan at 51.

[16] Con Plan at 24.

[17] *Id.*

[18] See, DC CODE § 42–3505.01(a)(1).

[19] See DC CODE § 2-1402.21§ 2–1402.21.

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for the current lack of affordable housing in the District. The Con Plan characterizes "the district's landlord-tenant laws as 'perversely biased in favor of tenants,'" quoting "A CEO representing small landlords."[20] The Con Plan cites this same individual as stating that "year-long eviction timelines" are discouraging investment in the District.[21] Neither of these assertions are supported by the citations provided in the Con Plan.[22]

Despite the aforementioned pandemic-era eviction policies, evictions are at the highest level in over a decade.[23] Removing these protections will cause greater trauma for families experiencing economic hardship and are at risk of becoming homeless.[24] The Con Plan should reject this anti-tenant narrative which blames tenants' rights and protections for a lack of affordable housing. Only by assessing the problem with open eyes can the District find solutions that provide affordable housing for all who need it.

Conditions in Low-Income Housing are Worse than the Con Plan Data Indicates

The vast majority of tenants owe rent due to lack of income. For those that can afford rent but are not paying, it is not because they think they can get away with it. They withhold rent because their landlords refuse to make necessary repairs to their homes.[25] Their most effective recourse is to withhold rent, be sued, and then bring their claims in landlord and tenant court to find relief.

[20] Con Plan at 65.

[21] *Id.*

[22] See Con Plan at 65 footnotes 8 and 9.

[23] Uniting People with Opportunities, "Evictions in DC Jumped Sharply in 2025" (March 2026) https://www.upo.org/wp-content/uploads/2026/03/UPO-Evictions-white-paper-March-2026.pdf

[24] *Id.*

[25] See, Department of Buildings "Violations and Abatement – LVT Tool" (showing over 5,000 units where violations have been cited and over 20 million dollars in fines imposed) https://dataviz1.dc.gov/t/OCTO/views/DOBPublicDashboard/ViolationsAbatementLVT?%3Aembed=y&%3AisGuestRedirectFromVizportal=y (last accessed Aug. 4, 2026).

The Con Plan acknowledges that "many affordable rental properties require modernization."[26] However, the Con Plan does a poor job of assessing the magnitude of substandard housing in the District. The data only assesses whether a housing unit lacks complete plumbing or kitchen facilities.[27] This fails to take into account the other ways that housing in the District is unsafe or unsanitary. As noted in the Con Plan, the District's housing stock is old and substantial investment is needed to bring these units into habitable condition.[28]

The most substantial housing conditions issues Legal Aid has seen include mold, pest infestation, and non-functioning heat and air conditioning. All of these problems have serious health impacts on families. Disappointingly, the Con Plan does not assess the magnitude of these harms, despite the District having access to inspection data from the Department of Buildings (DOB).

The Con Plan and any future amendments should incorporate DOB data on the number of affordable units which have been cited for mold, pest infestations, or non-functioning HVAC systems. Incorporating this data will provide better insight into what tenants in the District deal with every day. With that insight, the District can properly invest in rehabilitating affordable housing which will indeed "preserve affordability [and] prevent displacement."[29]

Legal Aid Urges DHCD to Allocate HUD Community Development Block Grant (CDBG) Funds for Foreclosure Prevention

The Con Plan highlights the dire situation of foreclosures in the District, noting that in FY 2024, "there were approximately 22,000 units representing 48,000 residents that were at-risk of foreclosure due to delinquency."[30] This threat cannot be overlooked, and we urge DHCD to use funds from the CDBG to prevent homeowners from being foreclosed on.

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[26] Pg 54.

[27] Con Plan at 52.

[28] Con Plan at pg 54.

[29] *Id.*

[30] Con Plan at 4.

The Private Market Alone is Not Enough to Ensure Homeowners Retain their Homes

Since 2024, the threat of foreclosure has only grown in the District for low-income individuals. There are no local or federal programs or incentives to assist homeowners who have fallen behind on their mortgages – marking the first time in the last decade where there is no assistance for homeowners struggling during times of financial duress. Without governmental assistance to those who have fallen behind, homeowners are either fully at the mercy of the private mortgage market, or are forced to take out personal loans to become current again and alleviate the risk of foreclosure.

For mortgages, the way that the private market contemplates a homeowner coming current again is through loss mitigation, during which a homeowner is evaluated by their current mortgage company for possible resolutions to the foreclosure. The primary option that can be available to a homeowner to retain the home is then a loan modification.

However, a homeowner who has a private, conventional mortgage is not guaranteed a loan modification to be able to keep their home. In fact, we have seen many clients be denied that relief. This is *both* because the mortgage created during loan modification may be unaffordable for a homeowner, and because a private actor may deny a homeowner access to a loan modification based on undisclosed standards.

One of the key, typical features of a loan modification now is that the mortgage's interest rate changes to the current interest rate for a 30- or 40-year mortgage. Today, the average 30-year mortgage interest rate is 6.66%.[31] This is effectively double what interest rates were a decade ago.[32] For a homeowner who has a mortgage with a 3% interest rate that they cannot afford, that jump in interest during loan modification means they are paying significantly more interest every month, making payments even *more* unaffordable. For a homeowner who has fallen on tough times, the solution cannot be to make payments more expensive.

Moreover, even for homeowners who could afford a higher monthly mortgage payment, a mortgage lender may deny a request for a modification because the loan modification would increase a homeowner's mortgage payment. Or a lender may deny a request because the payment is now a higher percentage of the homeowner's monthly take-

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[31] Federal Reserve Economic Data, 30-Year Fixed Rate Mortgage Average in the United States, https://fred.stlouisfed.org/series/MORTGAGE30US/ (last accessed Aug 3, 2026).

[32] *Id.*

home income that the lender deems to be too significant. Legal Aid has seen each of these situations happen – in one case, we had a client whose payment would have increased by less than $20 if their loan was modified. Nonetheless, the client was denied modification, even though the client's income had increased beyond what they earned when first purchasing the home. In another situation, a client was denied loan modification because their debt-to-income ratio between the mortgage payment and their monthly income was 42%, not 40%, as the mortgage company wanted. In each situation, Legal Aid worked with the homeowner to talk to their mortgage company to override these determinations. However, there is no requirement for a lender to ignore or override its policies to facilitate a homeowner retaining their property.

For homeowners who have fallen behind on condominium assessments or property taxes, even fewer options for home retention currently exist in the private sector, unless a homeowner can take out a second mortgage or personal loan for the payment. If an owner cannot obtain those forms of relief, they are at greater risk of foreclosure without any stop gap that could otherwise prevent them from losing their home.

Put simply, relief from the private market is insufficient to ensure homeowners who have fallen on hard times can retain their properties and preserve their generational wealth.

Housing Counselor Services Are Not Enough

Although Legal Aid commends DHCD for ensuring funds are dedicated to housing counseling to help people access their mortgage servicers and navigate their options, those services alone are not enough to stem the tide for homeowners facing mortgage foreclosures. Even with a housing counselor, if there is no government program providing direct mortgage relief or incentives, a homeowner with a conventional mortgage is entirely at the whim of their mortgage lender in terms of the availability (or lack thereof) of options to preserve their homeownership and bring their loans current again. Further, housing counselors cannot provide any options for individuals who have fallen behind on their condominium payments or property taxes. The District must go beyond housing counseling services to protect homeownership through foreclosure prevention.

DHCD Has Appropriate Resources to Implement This Fund

DHCD also has the existing infrastructure and knowledge necessary to set up a local foreclosure prevention program given its experience operating the former Homeowner Assistance Fund ("HAF") program. HAF served as a vital tool at the end of the Covid-19 pandemic to preserve homeownership for individuals who had fallen on tough times during the pandemic. In the District, HAF assisted 1,458 homeowners.[33] Quite simply, those 1,458 homeowners had their lives forever changed because HAF stepped in. For example, Legal Aid has a senior citizen client who obtained HAF and was able to retain a home that she had lived in since she was a child, preserving it for her children and grandchildren. DHCD was critical in facilitating that program and those life-changing outcomes for individuals.

The lessons that DHCD learned by running the HAF program can be implemented to work out a new local foreclosure prevention avenue for homeowners who lack any other way to retain their homes. The Council has indicated that it would support the creation of such a fund, and we would be happy to collaborate on such a program to ensure its success.

Creating a Local Foreclosure Prevention Fund Furthers the District's Policy Goals of Preventing Homelessness and Displacement

One of the District's stated policy goals is preventing homelessness and displacement. DHCD can help stem the tide of homelessness in the District by creating a local foreclosure prevention fund through the allocation of the CBDG grant funds. Moreover, by creating this fund, DHCD follows the recommendations of DC's Black Homeownership Strike Force, which sought the creation of a local homeowner preservation program.[34]

In the District, just as mortgage interest rates have skyrocketed, so too have rental prices.[35] Because of this, the average monthly mortgage payment for low- and moderate-income households can be lower than rent for a similar property.[36] If someone cannot afford their mortgage, they are unlikely to be able to afford rent in the District and may

[33] HAF-Q1-2026-Quarterly-Report.xlsx

[34] District of Columbia Black Homeownership Strike Force, Final Report: Recommendations for Increasing Black Homeownership in the District at 22 (Oct. 2022), https://dmped.dc.gov/sites/default/files/dc/sites/dmped/page_content/attachments/BHSF Report FINAL FINAL .pdf.

[35] Golding, Eliana, *A Holistic & Reparative Agenda for Ending Displacement in DC*, DC Fiscal Policy Institute at 5 (Dec. 22, 2022), https://www.dcfpi.org/wp-content/uploads/2023/11/Displacement-Report.pdf.

[36] *Cf.* National Coalition for the Homeless, *Foreclosure to Homelessness: the Forgotten Victims of the Subprime Crisis* (March 2017), https://nationalhomeless.org/wp-content/uploads/2017/06/Foreclosure-to-Homelessness-.pdf.

end up homeless or priced out of the city if foreclosed upon. Thus, foreclosure prevention is both a homelessness and displacement prevention tool in DC.

The District understood the importance of homelessness prevention and prioritized that through the creation and funding of the Emergency Rental Assistance Program ("ERAP"). ERAP provides direct assistance with back-rent to avoid evictions and help tenants remain in their homes. Homeownership preservation is no less important, and the District should invest in a direct homeowner assistance program to afford similar relief to homeowners facing financial hardship and loss of their home.

Conclusion

Thank you for the opportunity to testify about the tools DHCD can implement to preserve affordable housing. We urge DHCD to focus its energy on creating safe housing that is affordable for extremely low-income tenants instead of blaming them for the District's systemic housing problem. DHCD should also devote funding towards foreclosure prevention by providing financial relief to homeowners. We look forward to working with DHCD on the path forward. We can be reached at swentzell@legalaiddc.org (Mr. Wentzell) and jschmidt@legalaiddc.org (Ms. Schmidt).