



Testimony of

Gretchen Greiner-Lott, Washington Regional Association of Grantmakers (WRAG)

and Diana Meyer, Citi Community Development, and WRAG Board Member

before Mayor-Elect Muriel Bowser's Transition Team

Regarding Affordable Housing

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Good afternoon. My name is Gretchen Greiner-Lott, and I am the vice president of the Washington Regional Association of Grantmakers – or WRAG.

With me is one of WRAG's board members, Diana Meyer, Metro Washington Marketplace Manager for Citi Community Development, who, over the past 35 years, has worked in the affordable housing field for Enterprise Community Partners, the California Department of Housing and Community Development, the City of New York's Washington, DC Office, and the U.S. Department of Housing and Urban Development.

We are here today to offer ideas for the new Mayor and the new DC Government Administration about two initiatives we hope you will join, working in partnership with the philanthropic and private sectors, to address the critical affordable housing crisis in the Greater Washington region. But first, I need to tell you a bit about WRAG.

WRAG is a membership association composed of grantmakers in the Greater Washington region - Northern Virginia, suburban Maryland, and the District of Columbia. Our members represent a vibrant

cross-section of philanthropy, including family, community, corporate, and independent foundations, as well as corporate giving programs, governmental grantmakers, grantmaking public charities, and individual philanthropists, and who focus on multiple issues such as health, education, youth, food security, arts & humanities, veterans, and more. We provide a variety of services to our members to facilitate more effective, strategic, and efficient grantmaking, thereby making the Greater Washington region a better place to live and work.

Over the past two years, WRAG has focused on housing affordability as a critical regional issue. A group of members – known as the Affordable Housing Action Team (or AHAT) – has been working closely with WRAG staff to highlight the issue for local funders and help them understand how it affects the work of philanthropy and the individuals and families they support. Our publications and events have underscored the impact of unaffordable housing. When people spend too much money on their housing they are less stable, not likely to have resources to cover other basic needs, and, particularly for low-income households, are at risk of becoming homeless. In addition, low- and moderate-income people without decent, affordable housing are more likely to have negative health outcomes and poor education outcomes for their children.

Housing affordability is a critical issue for WRAG because this region is not meeting the housing needs of existing households and is not on track to meet the expected increase of new residents over the next 10 years. The Community Foundation for the National Capital Region's 2014 *Housing Security in the Washington Region* report, with research conducted by the Urban Institute, found a current regional shortage of affordable housing of around 150,000 units. The Center for Regional Analysis at George Mason University has calculated the need for roughly 200,000 units of affordable housing in the region over the next 10 years to accommodate projected economic growth. The majority of these projected jobs will be low- and moderate-income (below 80 percent of median family income for the Metropolitan Statistical Area). So while it is great that our region is on track to have very strong economic growth, this growth will exacerbate the current housing crisis by more than doubling the current need for affordable housing in this area.

This review of these alarming statistics takes us back to the specific work of WRAG's Affordable Housing Action Team (or AHAT) mentioned earlier. After meetings with housing advocates, affordable housing developers and local officials in the District of Columbia, Northern Virginia and suburban Maryland, a set of recommendations was presented to and adopted by the WRAG board, and, as a result, the AHAT has been looking at options for increasing affordable housing in the region. We have two principal strategies going forward:

- Impact Investing in Affordable Housing; and
- Convening Regional Affordable Housing Stakeholders

I will tell you about our impact investing efforts and then Diana Meyer will describe our work to convene regional stakeholders.

Impact Investing

Impact investing provides opportunities for private sector institutions, companies, and individuals to invest in affordable housing and receive a return on those investments. Impact investing in affordable housing can take several forms: 1) investing directly in an affordable housing property; 2) investing in an affordable housing organization for working capital to develop affordable housing; or 3) investing in an affordable housing fund.

Through impact investing, foundations can use their endowments to support affordable housing rather than relying solely on grant funding that may increase only modestly from year to year and is still not sufficient to address the increasing affordable housing shortage without cutting back on funding for key services in the community. Therefore, WRAG has provided a variety of educational programs to encourage funders to use impact investing as an alternative way to invest in affordable housing because grantmaking alone will not significantly impact the shortage of housing. This programing culminated in a 2014 impact investing forum in partnership with the Aspen Institute. Michael Bodaken of the National Housing Trust was the moderator, and speakers represented the MacArthur Foundation, the Greater Minnesota Housing Fund, the AARP Foundation, and Enterprise Community Loan Fund.

As a result of this forum, WRAG is now pursuing the creation of a regional fund capitalized by the sale of impact notes for affordable housing acquisition. WRAG is working with the Enterprise Community Loan Fund to increase investments in their Community Impact Note with the proceeds targeted to supporting affordable housing preservation and development in the Greater Washington region. The impact note, fully backed by Enterprise Community Partners, offers a sliding scale of interest payments based on the number of years of the investment – anywhere from two to ten years. Once initial funding of \$500,000 is attained, a campaign will be launched with the goal to raise \$5 million to support affordable housing projects in the region. With the endorsement of the new Mayor, using the bully pulpit, we believe there is potential to raise \$5 million.

Attainment of a \$5 million or larger regional fund is a worthy goal to provide financing for affordable housing developers to acquire properties that are close to transit and are at risk of conversion to market rate or luxury housing. However, this is a very small amount compared to the current and potential land and financial resources of federal, state and local governments in the region.

That is why the AHAT also is engaging in Regional Affordable Housing Stakeholders Convenings, which Diana Meyer will tell you about now.

The leaders of WRAG, the Metropolitan Washington Council of Governments, The Community Foundation for the National Capital Region, Enterprise Community Partners, and Citi Community Development have convened around 20 regional affordable housing stakeholder organizations to discuss how they and their respective members might work together to implement courageous strategies to increase preservation and development of affordable housing. We need to consider affordable housing as part of the critical infrastructure that undergirds our regional economy. So the intent of the new entity is to engage all sectors of the community - public, private, nonprofit, and civic organizations - to acknowledge affordable housing as an essential element of the quality of life and a vibrant regional economy.

This nascent group, formed earlier this summer, will have its third meeting next week. The objective of this group is to create consensus and synergy around solving the affordable housing crisis – through identification and pursuit of bold solutions with a broad base of support. In addition to the conveners, these organizations include the Urban Land Institute, the Center for Regional Analysis, the Housing Association of Nonprofit Developers, the Housing Communication Action Network, Federal City Council, 2030 Group of housing developers, and the Coalition for Nonprofit Housing and Economic Development, among others.

One of the options that this Regional Affordable Housing Stakeholders group is considering is a conference in the spring of 2015 to review the best public and private practices in the region, as well as from jurisdictions around the U.S., with potential for maximum impact in preserving and increasing affordable housing. We invite the new Mayor to join with other jurisdictions as part of this conference wherein we will consider and recommend the most impactful strategies for the jurisdictions in the region to adopt to increase affordable housing.

To underscore the potential impact of strong engagement by all sectors of the community, and for regional inspiration, we would like to recommend a recent book by Bruce Katz and Jennifer Bradley of Brookings Institution’s Center for Metropolitan policy reports on efforts by local government to address a variety of local and regional issues. In the book, it states that:

“Four years after the recession’s official end, it is clear that the real, durable reshaping (of the economy) is being led by networks of city and metropolitan leaders—mayors and other local elected officials, for sure, but also heads of companies, universities, medial campuses, metropolitan business associations, labor unions, civic organizations, environmental groups, cultural institutions, and philanthropies They are deliberately building on their special assets, attributes, and advantages, using business planning techniques honed in the private sector. They are remaking their urban and suburban places as livable, quality, affordable sustainable communities and offering more residential, transport, and work options to firms and families alike. And they are doing all these things through co-invention and coproduction.”

From The Metropolitan Revolution: How Cities and Metros are Fixing Our Broken Politics and Fragile Economy by Bruce Katz and Jennifer Bradley of the Center for Metropolitan Policy at the Brookings Institution, 2013.

There is a growing consensus that the economic future and quality of life in the Greater Washington region depends on having an adequate mix of housing types, at a range of price levels, near employment centers. While this consensus is a good starting point, we still need a road map for increasing the supply of affordable housing.

We recommend that the new administration of the Mayor-elect participate in regional discussions and development of complementary regional and local strategies to overcome the lack of affordable housing to ensure quality of life for all in our region and continued economic success.

Thank you for letting us participate in today's hearing on affordable housing. We, along with the local philanthropic community, look forward to working in partnership with the Bowser Administration and other local jurisdictions on this critical issue. WRAG leaders would welcome the opportunity to meet with you to brief you on these regional affordable housing strategies in the new year.