

Statement of Stillman D. Knight Jr.

In Support of Zoning Case 14-18

Mid City Financial Corporation

Good Evening Chairman Hood and Commissioners, I am Stillman Knight, CEO of the Knight Company . I served during the George W. Bush Administration as Deputy Assistant Secretary of Housing and Urban Development for Multifamily Housing. I was responsible for all HUD Multifamily Lending and privately owned, project based assistance contracts nationwide when I was at HUD. While at HUD I was responsible for asset management of 2.5 million multifamily units, oversight of 25,000 Section 8 project based contracts and an \$11.5-billion-dollar budget. I have seen the end of the era of project based subsidies as government restrictions expired and many properties were torn down or converted to market rate. We simply no longer have the political will nor resources, as a nation to pay for these programs going forward. Once gone, they will not return. I have seen firsthand the struggles that local communities go through in trying to incentivize owners to keep affordable housing in their towns. I know from my personal experience when owners are only in it for profit or when they actually care about their community. As an active housing provider and a policy maker on housing issues, including as a special focus on Affordable and workforce housing, for 40 years, I have seen many repeat stories of both success and failure. In addition to my tenure as Deputy Assistant Secretary I have been chairman of the National Council of the Multifamily Housing Industry of the National Association of Home Builders focusing on affordable multifamily issues. I have participated in and led numerous think tank efforts seeking solutions to the preservation of affordable housing including the Real Estate Roundtable, The Bipartisan Housing Commission; NAHB Mortgage Roundtable and at HUD.

Tonight, I am pleased to share with you my thoughts on the plan set forth by Mid City Financial, a company which has been a partner of affordable housing in the District and the region for many decades. I strongly support the Phase II plan proposed by Mid City Financial. This plan both preserves the existing Extremely Low Income Section 8 Housing as well as developing a viable mixed use and mixed income community that will benefit both the current and future residents of the property as well as the surrounding community. From a policy point of view we have learned that concentrating subsidized housing only promotes cycles of poverty. This mixed use development retains the low income Section 8 contract based units while at the same time expanding on the same site housing opportunities for all and bringing needed services to the neighborhood. Such development is vital, particularly in gentrifying communities like the District of Columbia. It will mean a better living environment for all.

I've seen many owners drop their Section 8 contracts as their mortgages and government restrictions burn off. The current use restrictions on this property will cease later this year when the existing HUD Mortgage note matures. The owner has the right to leave the program completely at that time, and if they chose to do so, this assisted housing would be lost forever. It is both unusual, and remarkable that Mid City has agreed to continue to house all residents in good standing and renew this large Section 8

contract when they are not required to do so. In my work I have seen the majority of owners of such properties exit the affordable housing space when their regulatory agreements expire.

In addition, it is quite unusual to see an owner commit to better than 20% deep affordability in a new mixed income community, this is an exceptionally large commitment to affordability that is to be applauded and commended.

The current stock of Extremely Low Income Section 8 properties has declined markedly over the past decade and a half. Like each of us, it was never intended to live forever. It is truly becoming a rare commodity. You have approved the proposal at Stage I. When approved you will keep one of the largest Section 8 project based communities in the District in place in a rapidly gentrifying neighborhood. In my view, this is a tremendous positive for the District, the existing residents, and the neighbors.

Furthermore, I have had the opportunity to review the architectural plans and relocation plan submitted to this body. Mid City has gone above and beyond to:

- Create a vibrant mixed income neighborhood
- Serve the current residents by keeping them in their old neighborhood with full assistance for moving and relocation.
- Upgrade the neighborhood by revitalizing the old with the new
- Providing additional housing for all, and
- Bringing additional neighborhood services to the community.

In my view, the housing proposal you have before you tonight deserves your continued and enthusiastic support. It will help to create a vibrant mixed income community that will serve the current residents well for many years to come. It will attract other investment into the community and will create a vibrant residential community with a mix of apartments, townhouses and commercial space.

Thank you for your time. I urge approval this application.