



FY 2020 Performance Oversight

Testimony
of
Tyrone Garrett
DC Housing Authority

Committee on Housing and Neighborhood
Revitalization

John A. Wilson Building
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Room 412

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Good afternoon, Chairperson Bonds and members of the Committee on Housing and Neighborhood Revitalization. My name is Tyrone Garrett and I am honored to serve as the Executive Director of the District of Columbia Housing Authority. On behalf of the DC Housing Authority and the residents we are privileged to serve, we thank both the Administration and the Council for their continued support in the fight to preserve affordable housing in the District. I also want to acknowledge the DCHA Board of Commissioners for their vision and leadership as well as the 745 dedicated DCHA employees I work with each and every day.

Our mission, at the District of Columbia Housing Authority, is to preserve, manage, and develop affordable housing for extremely low to moderate-income households, foster sustainable communities, and cultivate human capital opportunities for residents to improve their lives. We currently serve over 50,000 residents through our public housing and voucher programs. Approximately 22% of these residents live in traditional public housing and the remaining 78% utilize vouchers. DCHA's public housing portfolio has more than 8500 units and we administer over 17,000 federal and local vouchers in the private market. 83% of our residents are classified in the 0-30% Area Median Income (AMI) band. The average household income in our public housing is \$15,000 per year, per family. Nearly half of our residents are children and seniors.

We have 3 types of housing: Traditional ACC (Annual Contributions Contract), Tenant-based vouchers, and Project-based vouchers. 80% of DCHA's funding comes from the federal government via HUD and 20% comes from the District. 70% of all funding is dedicated to tenant and project based vouchers, while 30% goes to support our traditional public housing units. Our traditional public housing and Section 8 properties are located throughout the District.

In addition to our public housing responsibilities, DCHA works closely with its housing agencies to implement critical affordable housing goals and services. DCHA partners with the Office of the Deputy Mayor for Planning and Economic Development (DMPED) on the New Communities Initiative on the redevelopment of our properties and also by providing resident services to Barry Farm, Park Morton, and Lincoln Heights. DCHA partners with the University of the District of Columbia (UDC) and Department of Employment Services (DOES) to provide training, education, and workforce development opportunities to all of our residents.

DCHA partners with the DC Housing Finance Agency (DCHFA), the Department of

Housing and Community Development (DHCD), the Department of Behavior Health (DBH) and the Department of Human Services (DHS) to provide permanent supportive housing.

Since the year 2000, the U.S. Department of Housing and Urban Development (“HUD”) has cut budgets by 2% per year not taking into account inflation, making the hit even more devastating to public housing authorities like ours. The outlook for funding in fiscal year 2021 is looking dire, with a proposed 15% cut to HUD’s budget. It is clear that the current federal administration does not want to spend money on traditional public housing. The state of our public housing stock is in need of significant investment. Ninety-six percent of our housing portfolio was built before 1970. The pace of deterioration is accelerating. Funding is decreasing while demand for maintenance and upkeep continues to increase.

But we are not alone in the challenges we face; this is an all too familiar situation around the United States. As the National Low Income Housing Coalition published in their recent report, access to quality affordable housing is a concern across the nation. In this region as well, there has been significant focus on the need to preserve and develop housing across the spectrum.

Upon arriving at DCHA, I announced an initiative to review the conditions of every single housing unit in the DCHA portfolio. The lead risk assessments and visual inspections revealed instances of: lead paint hazards; mold and mildew; poor air quality; rodent infestation; and extreme wear and damage. Already, we have relocated 150 households, 31 within public housing and 119 using a voucher.

After conducting environmental health and safety assessment, as well as a lead risk assessment, we developed a multiphase Transformation Plan entitled “Our People, Our Portfolio, Our Plan” that will stabilize the agency and portfolio over the coming years. Phase 1 of the Transformation Plan, stabilizes fourteen (14) of the most distressed public housing communities. The fourteen communities we identified are in extremely-urgent condition, with circumstances that could soon present physical and environmental hazards to our family’s homes and communities if not addressed with urgency.

The first stage of Phase 1 will address: Judiciary House (Ward 2); Langston Additions (Ward 5); and Kelly Miller Townhouses and LeDroit Senior (Ward 1).

The Department of Housing and Urban Development (HUD) has made clear that

additional federal capital funds are not likely to emerge to address this need. However, they have provided housing authorities with tools to leverage public and private dollars, while enabling more local control. These tools include the Rental Assistance Demonstration (RAD) and Section 18-Demolition / Disposition Applications.

RAD & Section 18 both require gaining HUD approval through a rigorous application process. RAD converts the public housing subsidy to a Project-Based Voucher (“PBV”) platform. These PBVs allow Public Housing Authorities to leverage financing at levels not currently available with traditional public housing. RAD does not, however, provide Tenant-Protection Vouchers (“TPV”) or relocation costs, if required. This is why RAD is a tool most commonly used in projects with minor to moderate rehabilitation needs with minimal, often temporary, relocation requirements.

Section 18 provides Tenant Protection Vouchers (“TPV”) to assist the affected families during the relocation period. Based on the family’s household income, TPVs ensure their housing remains affordable both during and after the relocation period. In addition, unused TPVs can be used to finance redevelopment. Section 18 is most commonly used in instances of disposition or demolition of an existing site in order to facilitate redevelopment or major rehabilitation.

Gaining HUD approval is no easy feat. The applications are extensive, and involve multiple steps. For example, part of the Section 18 application requires demonstration of the “Obsolescence Test.” Housing Authorities must show that necessary rehabilitation to a project is not cost-effective. Modifications are *not considered cost-effective* if they exceed 57.14% of total new development costs. Meaning, HUD will give housing authorities permission to do Section 18, only if, they prove that the band-aid approach is no longer cost effective.

Based upon the amount of work required at each site and utilization of the HUD Obsolescence test, our team has created a plan for which of our 14 properties will require minor to moderate rehabilitation through RAD, complete demolition with Section 18, or a combination of both.

Our approach to repositioning our portfolio is threefold:

First: Preservation. We must invest in capital and infrastructure upgrades to preserve our existing public housing.

Second: Rehabilitation. We must lead comprehensive modernization efforts to existing structures, by increasing our utilization of HUD tools like the Rental Assistance Demonstration Program (RAD), which enable us to unlock a combination of public and private dollars for the rehabilitation.

Third: Redevelopment. We must exercise Section 18 demolition/disposition applications to unlock a combination of public and private dollars to develop new energy-efficient affordable and mixed income housing.

As we implement our approach, we are committed to adhering to industry best practices including:

1. ***Maintaining control of the property.*** Whether it be through RAD or Section 18, by owning the land and keeping the affordability covenant on it, we will ensure affordability up to 99 years.
2. ***Build-First when physically and financially feasible.*** We want to limit displacement as much as possible and know build-first is the optimal method to ensuring that. However, it is not always physically possible or financially prudent to do so.
3. ***Right to Return to Appropriate Unit Size.*** We firmly believe in the right to return. But with finite resources, we must appropriately house our residents. We can do that by limiting overhousing, adhering to HUD guidelines, and working in close collaboration with our families to properly assess their needs.
4. ***1 for 1 Replacement.*** Preserving our limited affordable housing stock is imperative, which is why we are committed to 1 for 1 replacement. Every project we build will not net any loss of affordable units. Larger 4-6 bedroom units are more expensive to build and more difficult to finance. But more importantly, the data does not bear out the need for 4-6 bedroom units. That said, we will work with each of our families to ensure that we are adhering to federal guidelines while also meeting their specific individual needs.

The standards for occupancy are based on the “Admissions and Occupancy Policy” (ACOP) guidelines that are codified in local regulations in 14 DCMR § 6110. The ACOP sets the minimum and maximum number of people allowed per bedroom. We conducted an analysis of our occupied units; and it revealed significant over housing in our 3-6 bedroom units. “Overhousing” means, the unit is too large for their household based on the ACOP. This bar graph also illustrates, significant over housing in 3-6 bedroom units.

We also reviewed our referral data from the Dept. of Human Services (DHS). We receive referrals throughout the year from DHS for Permanent Supportive Housing (PSH) and Targeted Affordable Housing (TAH) which take up the majority of available vouchers. Our analysis revealed the primary need for Permanent Supportive Housing and Targeted Affordable Housing are 0-3 bedroom units.

Additionally, we reviewed our waitlist data and it too revealed a significant need for smaller bedroom unit sizes. 80% of the waitlist has requested 1-3 bedroom units. It is from our analysis of current overhousing, DHS referral history data, and our projected waitlist data, that we concluded the need to focus on building 1-3 bedroom units.

By financing 1-3 bedroom units instead of larger and more expensive 4-6 bedroom units, we can build even more, allowing us to net more affordable units overall in each project. We recognize that this is the trend but not the rule, and that there are large families in the District that desperately need larger public housing units. We are still committed to ensuring that they receive the appropriate housing for their families. By repositioning our portfolio, specifically through RAD, updated larger units will be made available.

Thanks to the actions of the Council and Administration in the creation of the Rehabilitation and Maintenance (R&M) Fund, DCHA has received an infusion of capital over the past 3 years that has made a significant impact. Since 2017, when we received our first allocation of R&M Funds, we have obligated over \$28 million to address critical system repairs like boiler and chiller replacements, roof replacement, HVAC upgrades, site work and unit renovations. In FY2020, we have received an additional \$40 million dollars in R&M that we are applying to tackle vital repairs at some of our most urgent communities.

Judiciary House, Langston Addition, LeDroit and Kelly Miller, located in Wards 2, 5, and 1, respectively, will see significant improvements to include unit

renovations, site work, roof replacement, and other upgrades that will go a long way in stabilizing these communities. And while these funds are a tremendous resource to address immediate challenges, the long term viability of the properties still require additional investment with tools like RAD to close existing financing gaps.

As I previously stated, our three targeted properties in Phase 1 of the Transformation Plan are Judiciary House, Langston Additions, Kelly Miller Townhomes/LeDroit Senior. Judiciary House is located in Ward 2, currently made up of 271 units and housing 214 residents. There is a high vacancy here, intentionally done, for rehabilitation purposes. By rehabbing vacant units first, we can avoid displacing or using vouchers to relocate people off the property, and instead, move families to an updated unit as they come on line.

Our plan at Judiciary House is to: continue construction with our R&M funds, repairing the parking garage and rehabilitating apartments. On a parallel track, we are planning to apply for RAD on the part of the property where R&M funds will not be enough to finish a full rehabilitation. We anticipate completion of this 271 unit project in 3 years. No affordable units will be lost.

Langston Additions is a small property located in Ward 5. It is comprised of 34 units and is home to 72 residents. Our plan at Langston is to: continue construction with our R&M funds, rehabilitate apartments, update jet sewer lines, and make mechanical and electrical upgrades. Our projected timeline for R&M completion is two years. RAD will also be required for this project. No affordable units will be lost.

Kelly Miller Townhomes and LeDroit Senior are two properties in close proximity to one another in Ward 1. Kelly Miller has 40 units and LeDroit 106- together they house: 190 residents. These two properties are combined for RAD application purposes. They are both currently undergoing R&M improvements and planning for RAD is underway. The projected timeline for completion of the 146 units is three years. Again, no affordable units will be lost.

Simultaneously, we are working on repositioning the remaining 11 properties through RAD and Section 18.

Engagement and community support is critical to the success of any redevelopment project, but none more so than in public housing. Which is why we began our engagement with the community and stakeholders in January 2019.

Over the course of the year, we have had more than 70 meetings.

From July to August 2019, my team held meetings at the 14 public housing communities considered to be in extremely urgent condition.

Knowing the importance of high attendance and outreach, we hired a local CBE to help us with engagement. As a result, we always had over 75 people in attendance at every one of our meetings on the properties. Each meeting focused on specific possible short and long-term approaches for stabilizing that public housing community. Staff also offered information about the agency's human capital approach to relocation and support of families throughout the process.

Beginning, last October, we started a second round of community engagement meetings and these efforts continue today. Just last month, we held three additional meetings on the use of R&M funds and will be returning to other potential RAD properties over the next 60 days. In addition to community outreach, we conducted 12 meetings with legal and housing advocates and will continue to engage with them.

Lastly, we are working closely with the Office of the Chief Financial Officer to ensure we have a financially feasible approach.

While we all know that the need for preserving and creating affordable housing is clear, the financial resources needed to address the demand is unprecedented. In order to bring DCHA's housing stock into good repair we will need an infusion of \$785M - \$850M, approximately \$45M-\$50M annually over the next 20 years.

Those dollars can then be leveraged in the private market to address the \$2.2B of deferred maintenance. An accelerated schedule to restore the housing portfolio would require a higher dollars-per-year figure. We are pleased with the level of cooperation and involvement in these efforts from the Administration, the Office of the Chief Financial Officer, sister housing agencies and the Council.

We are energized by the genuine interest in understanding the challenges we are facing and helping us find viable solutions. Through productive discussions we are having with all of our partners, we are optimistic that we will be able to identify both short and long term investment priorities that will allow us to run financial models, further refine rehabilitation and redevelopment timelines, and provide specific paths forward to our residents about the future of our communities.

We provide our residents with a variety of Human Capital services, onsite property management as well as job training and relocation mobility counseling.

Our Human Capital approach underwent refinement in 2019 as a result of the Arthur Capper fire response effort.

In September of 2018, a fire broke out at Arthur Capper Senior, a Ward 6 property that is part of our HOPE VI development. DCHA played a pivotal role in getting displaced seniors connected to long term housing by adapting our eligibility and housing search assistance process to meet the needs of affected residents. By assembling a diverse internal team and leveraging all available resources, we were able to expedite the rehousing process.

Within 3 months, our team had connected more than 75% of the seniors to long term affordable housing; and within 6 months all seniors were successfully rehoused. The Arthur Capper experience was transformative and made our agency consider our approach to both emergency response measures and the need to streamline our relocation efforts. To build on our success and continue to leverage all available resources efficiently, we created the Relocation, Orientation, Training and Counseling (ROTC) Team.

Now, instead of multiple departments working in silos, the Relocation, Orientation, Training and Counseling (ROTC) team brings all the coordination services together into one cohesive unit. Our relocation process is now run by ROTC. While the process is multi-step, requiring multi-department coordination, it remains individually tailored to families.

This is a consolidated flow chart of our relocation process. There are primarily three major steps: Community meetings, Housing Preference Surveys, and individual relocation counseling sessions. We hold several community meetings to keep our residents informed, actively engaged with selecting their return priorities, and keeping them apprised of progress.

Then, every household individually meets with a relocation specialist who assists them with filling out their Housing Preference Survey. The survey is thorough to ensure our ROTC team understands the needs and preferences of each family. The survey also provides each household the opportunity to define their first choice for relocation, which can include a voucher, a transfer to a different public housing community, or to remain on site where feasible.

Finally, the ROTC team navigates the relocation process for each family, providing support, mobility counseling, and even monetary assistance to make the move as easy as possible.

Park Morton, in Ward 1 is currently undergoing the relocation process. When DCHA began the relocation process in the Summer of 2019, there were 130 families on site. To date, 119 families have taken the housing preference survey. 105 families have selected a voucher as their first choice. Nearly half of those families have already gone through the eligibility process, and have been provided a voucher. An ROTC office has been opened on site and specialists are available each weekday and by appointment. ROTC continues to host workshops and is working on obtaining the outstanding housing preference surveys.

At Barry Farm, demolition is complete on Phase 1 of the site. There are 66 buildings remaining on Phase 2. Full demolition of the remaining buildings was put on hold last year until the Historic Preservation Review Board made their ruling on a historic designation application that had been submitted for Phase two of the property. This past January, the Historic Preservation Review Board (HPRB) voted to grant historic designation to five of the buildings and has allowed us to move forward with the needed work for the redevelopment of Barry Farm. This is a productive step for the residents and Ward 8 community that will help us bring safe, sustainable and affordable housing to families and seniors and commercial and community spaces to the broader neighborhood.

We share the HPRB's desire to create a new beginning for Barry Farm while preserving the history of the past. While there is a material loss to the unit count that we are able to rebuild on site, we look forward to the reactivation of this important community.

I wanted to take a moment to share an update on the redevelopment of our current headquarters. For the last five years, DCHA has been under negotiations to create a new headquarters that includes administrative and customer serving functions, while also delivering upon our affordable housing goals.

The current plan is to leverage the land value of our existing home at 1133 North Capitol Street NE to: Maintain control of the property via ground lease to create over 1100 units of housing where no less than 200 of those units will be affordable at 0-60% AMI. And we are guaranteeing that 50% of those 200 units will serve residents at or below 30% AMI. Build a new headquarters and

additional affordable housing within a mixed-income property on a different DCHA owned site.

DCHA is committed to actively working each and every day to help all of our residents and families. We do not take this work on lightly and seek to partner with our residents and others who are aligned with our mission of creating, preserving and expanding access to deeply affordable housing.

The critical support of the District has enabled the Authority to address some of its most urgent repair needs over the last several years, but we can no longer postpone significant portfolio-wide action. As one witness at the Transformation Plan roundtable put it so eloquently, “The bill has come due.”

We must use innovative and transformational solutions to meet this crisis head on. We must build strong working relationships with one another and stakeholders to create a united vision. We must work together collectively to ensure our efforts succeed. Thank you for your time. My team and I welcome your questions, concerns or observations.