



DISTRICT OF COLUMBIA
HOUSING AUTHORITY

Challenges and opportunities to stabilize DCHA's housing stock

January 2018



To fulfill its mission of providing safe, clean and affordable housing DCHA should align on a set of aspirations

Potential aspiration: stabilize the portfolio over the next 10 years¹

Potential stabilization goals for the next 10 years could include

Move all the properties out of extremely urgent repair need category

Maintain one-for-one replacement for all public housing units (including offline and vacant units) with public and affordable housing

Achieve sustainable operations and maintenance cost basis for the long term

Challenges to 10-year stabilization goals

- >2500 of the DCHA owned portfolio currently fall in this category
- There are 400 units that are currently offline because of their unmet capital needs
- Federal funding is declining and the portfolio currently faces over \$1.3bn in capital needs

¹ 10 years is used as the timeframe because it represents a reasonable real estate benchmark to be able to meet capital needs

SOURCE: Interview with Office of PMO,

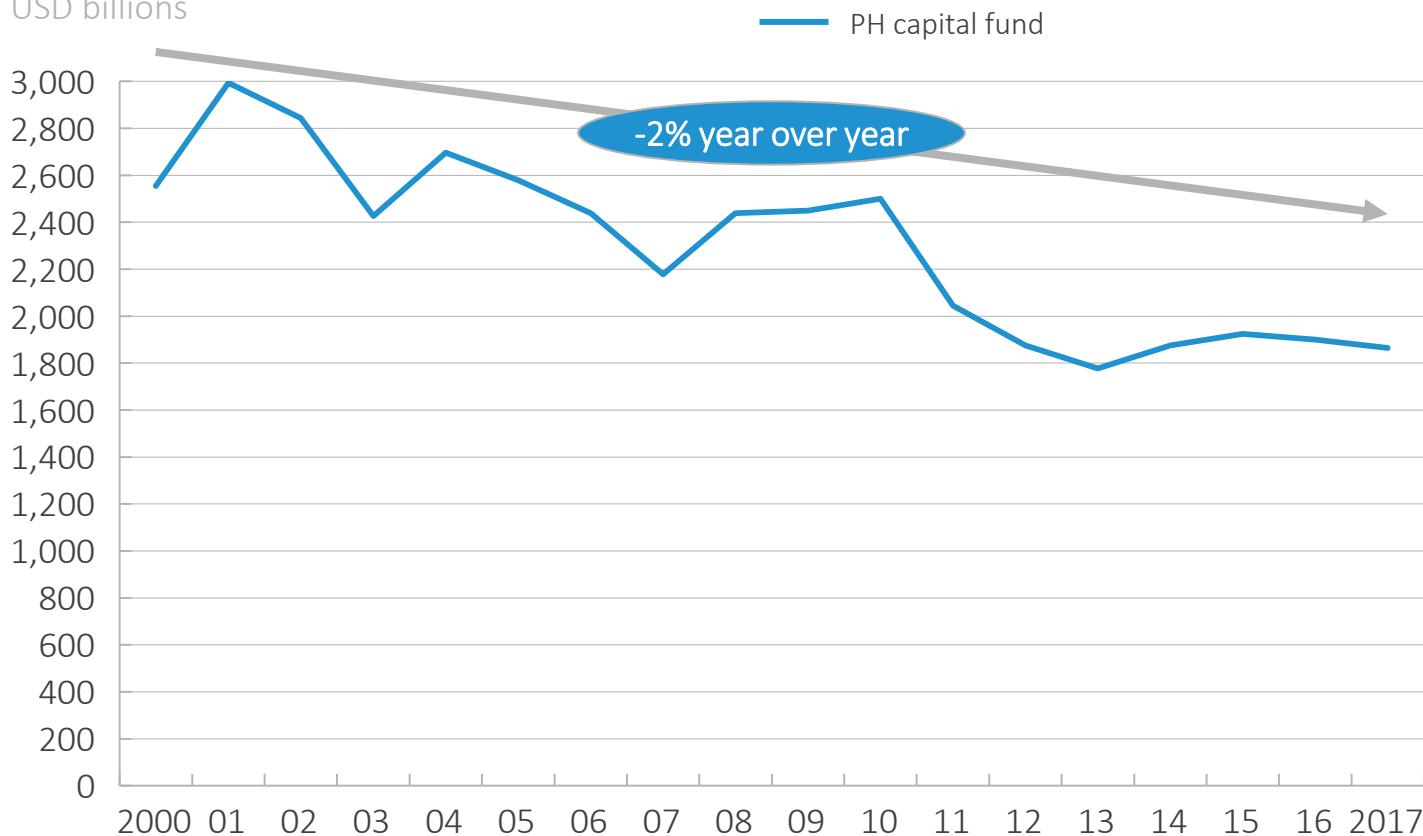


Capital funding from HUD has declined nationally and is expected to continue to decline with repositioning

National HUD public housing capital fund

\$, Billions

USD billions



In November 2018, HUD officially stated its goal to “reposition” 105,000 of its public housing units by September, 2019

HUD offers 4 options for repositioning:

- RAD
- Section 18 demolition
- Voluntary conversion to vouchers
- Retention of assets after a Declaration of Trust (DOT) release

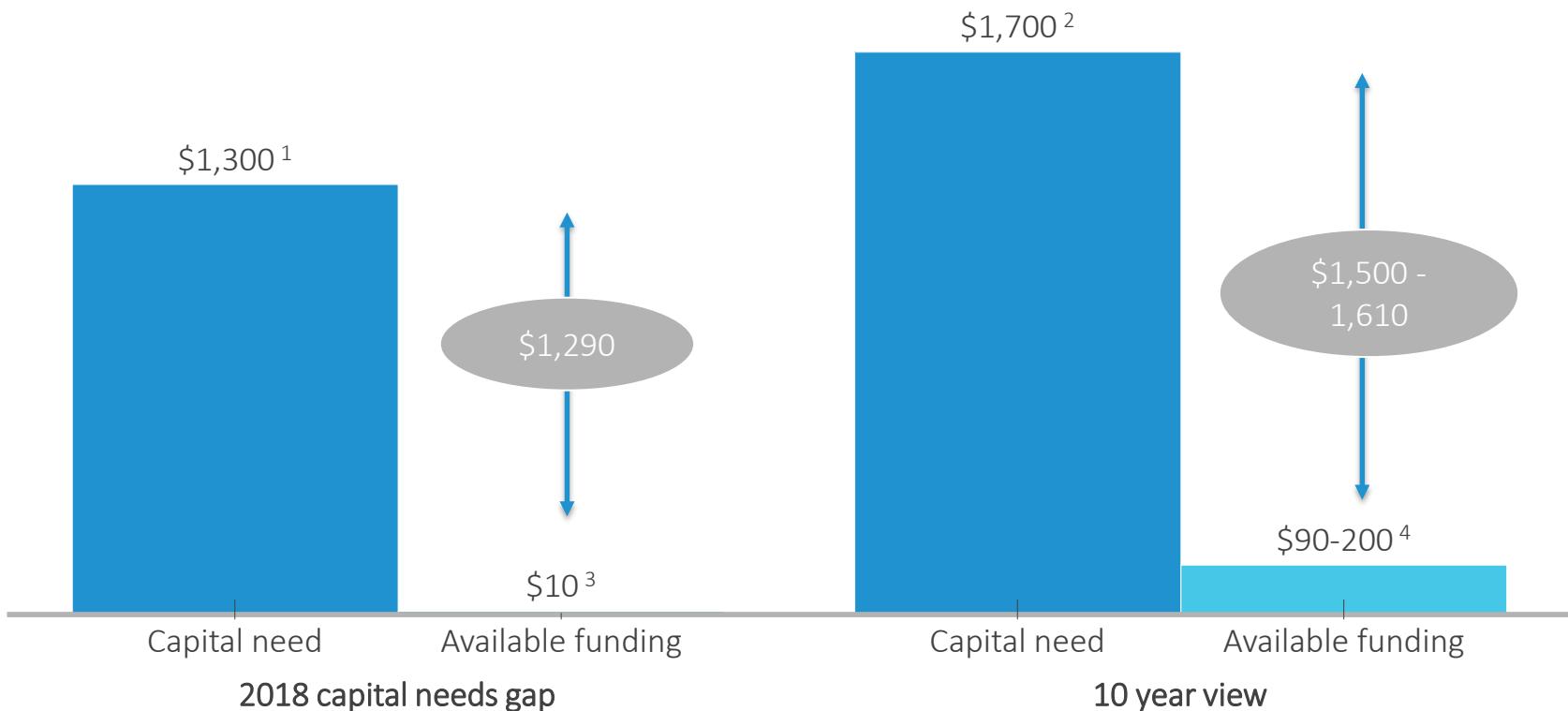
SOURCE: HUD budgets from 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017

DCHA's current funding is unlikely to be sufficient to meet its capital needs; its funding gap may worsen if DCHA continues on current course

Capital funding details

USD, Million

■ Capital need ■ Available capital fund ■ Estimated gap



¹ Includes Capital Needs Assessment figures of developments that have unmet capital needs, escalated at 3% per year to year 2019

² Includes Capital Needs Assessment figures of developments that have unmet capital needs, escalated at 3% per year to year 2028

³ Includes the capital needs fund and confirmed R&M funding for 2018

⁴ Based on historical range of HUD and City sourced capital funding from 2017 to 2019

SOURCE: DCHA Capital Needs Assessment, PMO Interview

In light of its capital needs gap, DCHA has taken a proactive approach to identifying the risks to its residents

Actions taken by DCHA

- Starting in 2018, DCHA initiated lead risk assessments and comprehensive environmental conditions of all units
- DCHA created categories of properties based upon the relative urgency
- Over the next 30 days, DCHA will present to the board **a preliminary evaluation of all options available to transform the portfolio**
- DCHA's evaluation of stabilization options will be **guided by a set of principles** recently adopted by DCHA's Board of Commissioners (Resolution 19-01)
- In the coming weeks, DCHA will initiate a **robust stakeholder engagement plan** including direct resident consultations and policy implications discussions with advocates

DCHA has identified over 2,500 units with extremely urgent needs

Number of units with extremely urgent and very urgent needs¹

Examples of issues reported:

Greenleaf Seniors & Multifamily

- Hot water availability
- Elevator replacement needed
- Roof integrity
- Rodents

Langston Terrace

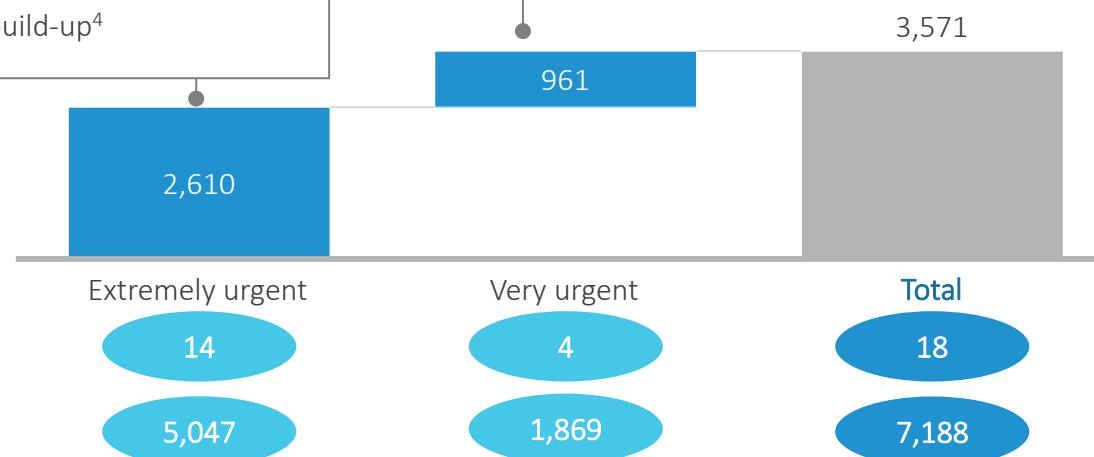
- Lead
- Mainline build-up⁴
- Plumbing

Examples of issues reported:

Lincoln Heights

is facing several

- Mold
- Roof integrity



Over 5,000 residents live in homes categorized as having extremely urgent needs.

As a share of the total number of residents housed by DCHA², these residents represent

- 44% of all children in DC public housing
- 38% of all seniors in DC public housing
- 41% of all disabled in DC public housing

Extremely urgent housing units are those in exceedingly poor and unacceptable condition. A unit is listed in the extremely urgent category for repairs when there are multiple conditions of disrepair. Moreover, repairs required rise beyond the level of Facilities Maintenance staff and are related to the infrastructure of the site and there is significant risk of the units' becoming uninhabitable.

Very urgent³ housing units are those close to becoming extremely urgent

¹ >3,400 units are in urgent category which are classified as housing units in particularly substandard condition; potentially viable with intense capital investments – not included in this slide

² Both property and land owned by DCHA

³Partial definitions included here; complete definitions for extremely urgent and very urgent units are included in the definition of key terms as defined by the DCHA Facilities Maintenance Assessment, 2018

⁴ Mainline build-up is blockage in sewer/plumbing lines

SOURCE: DCHA's Facilities maintenance assessment, 2018



Next steps

- DCHA will host a **series of policy discussions** over the coming weeks about **options DCHA is considering to stabilize its portfolio**. The discussions will consider, but are not limited to, the policy implications (e.g. Resident Right to Return) of:
 - **Rental Assistance Demonstration (RAD)**
 - **HUD Section 18 (demolition/ disposition)**
 - **Low-Income Housing Tax Credit (LIHTC)**
- In the coming weeks, we will also provide a detailed summary of **how we will engage residents** as we consider different options for repositioning
- In support of the ongoing engagement efforts, we will **share information related** to the portfolio stabilization options as it becomes available