

Good afternoon, Chairperson Bonds and the 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. I do not take this responsibility lightly and am working tirelessly to provide thoughtful leadership that will transform our agency. Armed with over twenty five (25) years in government administration, seventeen (17) of which I have served as an Executive Director, I have drawn from my experience and expertise to conduct an assessment of our agency and today I am pleased to share with you our renewed emphasis on our PEOPLE, our PORTFOLIO and our PLAN of targeted actions for improvement. We are fortunate to be in a city where both the Council and Mayor understand the vital role that economic diversity and affordable housing plays in the sustainability of thriving cities. On behalf of the DC Housing Authority workforce and residents we are privileged to serve, we thank both the Administration and City Council for its continued support in the fight to preserve affordable housing in the District. I also want to acknowledge the Board of Commissioners for their vision and leadership and the 745 dedicated DCHA employees I work with each and every day. Although I serve as the head of the organization, it's the agency's staff that delivers for the District and our residents each and every day. Of course, I must also recognize our customers, who have our unwavering commitment.

I want to impress upon this Committee, everyone in attendance, and all the residents of the District of Columbia, that during my tenure we will stay true to the mission of planning, developing and managing safe, decent and affordable housing to low and moderate-income Washingtonians. My team and I must first deal with the current state of DCHA's housing stock. To that end I must be clear that privatization of public housing is not the goal. Instead, exploring all opportunities to reinvest in our families and housing stock is the focus. It is not just a simple answer of public versus private when the ultimate goal is to provide safe, quality housing for our families.

VISION FOR THE NEW DCHA

I must take a few minutes to share with you my VISION for DCHA and my plan to transform our agency in a way never seen before. This transformation will take place with INTEGRITY, ACCOUNTABILITY, RESPONSIBILITY and will be measured by DCHA's PERFORMANCE.

It is important for you to understand why this is so very important to me. I have made it my life's work to expand and create equitable access to affordable housing for all, with a special emphasis on those with the greatest need. I sought this position in this Great City because I want to make a difference by working collaboratively with all stakeholders, the Council, the Mayor, the advocates, and the residents to get the job done. That is why I came to DCHA.

I recognize that DCHA is filled with opportunities and challenges. I am certain that I cannot tackle the issues presented all at the same time and I cannot do it alone. That is why, moving forward, DCHA will first deploy non-traditional strategies to preserve and create affordable housing; next, stabilizing and preserving DCHA's current housing stock, with an emphasis on over 2,400 units over the next 24 months. This is not selling off properties, but rather, unlocking access to equity to assist our residents. Full dependence on federal funding is not an option. The opportunities we are exploring include;

- Innovative financing approaches that include self-development, traditional financing, creative partnerships and non-traditional strategies;
- Fostering stronger families and sustainable villages by promoting education, creating economic opportunities and fostering self-sufficiency;
- A collaborative management approach that is outcome driven and meets highest standards.

I. THE PATH FORWARD

THE PORTFOLIO

I've tasked my team with developing the DCHA Comprehensive Portfolio Repositioning Plan that will outline a strategy for moving our portfolio with all alacrity on repositioning, at minimum 2,400 housing units, over the **next 24 months**. The strategy will consider:

- Development projects utilizing Rental Assistance Demonstration, Project Based Voucher and public housing unit conversions; along with traditional methods when appropriate.
- Alignment with our current goals and priorities to preserve and maintain the DCHA housing stock while responding to the District's demand for affordable housing;
- Maintain housing for current residents and address critical demand for housing citywide.

I will deploy this strategy deliberately. I will have a proposed Comprehensive Portfolio Repositioning Plan draft for review by the DCHA Board of Commissioners by the 3rd Quarter of this fiscal year.

- The Plan will identify methods, financial projections along with costs and resources necessary to make educated decisions.
- DCHA will begin a strategic public engagement campaign with residents, advocates, community partners, financial partners and other key stakeholders

I want to impress upon the Council what **REPOSITIONING means in this context**. These are complex transactions that housing authorities across the country are utilizing. Housing authorities are using various financing tools to stabilize and rehabilitate communities

- First, it is important to emphasize that any financing models proposed by my team must be supported by the DCHA Board of Commissioners, and we must have substantively engaged affected residents, the advocacy community and other stakeholders as we work to bring projects online.

- There are five (5) key factors in all development projects:
 - Land Ownership
 - Building Ownership
 - Construction Costs
 - Developer Fee
 - Property Management




**CO-DEVELOPMENT
MIXED FINANCE**
We are the District of Columbia Housing Authority.

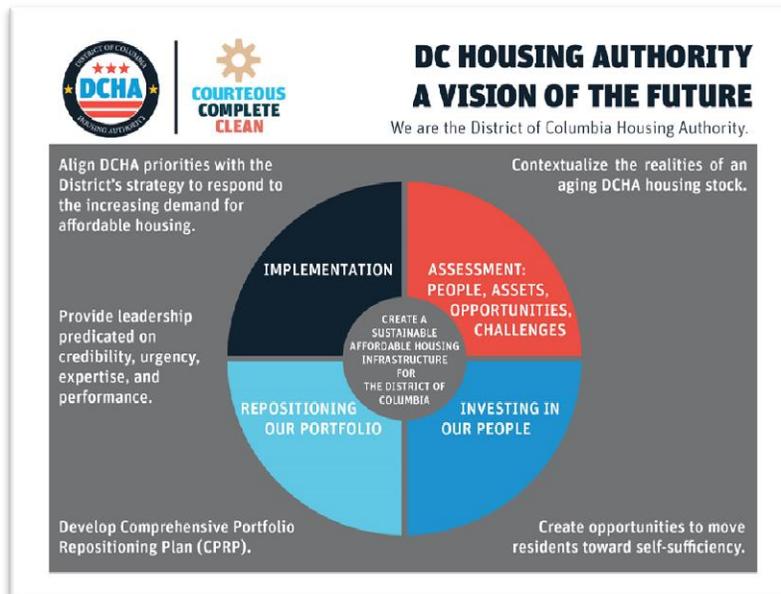
PROGRAM TYPE	Existing Traditional Public Housing	Traditional Mixed Finance	Proposed DCHA Mixed Finance
LAND OWNERSHIP	DCHA/HUD DCHA holds title but HUD has control through DOT.	PHA PHA owns and leases to developer. Affordability protected by Use Agreement.	DCHA PHA owns and leases to developer. Affordability protected by Use Agreement.
BUILDING OWNERSHIP	DCHA/HUD DCHA holds title but HUD has control through DOT.	PHA/Private Shared ownership Private developer controls through compliance period.	Private/DCHA Shared ownership Private developer controls through compliance period.
CONSTRUCTION COSTS	DCHA/HUD All capital costs are the responsibility of DCHA using restricted HUD funds.	Shared Financed by Tax Credits, Loans and PHA Funds.	Shared Financed by Tax Credits, Loans and PHA Funds.
DEVELOPER FEE	None DCHA is not entitled to a fee on capital improvements.	PHA/Private Split Usually split in favor of private developer (Often 70/30).	PHA/Private Split Fee split with developer to be determined.
MANAGEMENT	DCHA/HUD DCHA manages under strict HUD rules.	Private Managed by private entity through compliance period.	DCHA DCHA manages through subsidiary entity.

As you will see, a number of financing approaches have been used over the years here in D.C. and throughout the industry. They include:

- Existing Traditional Public Housing
- Traditional PHA Development
- Traditional Mixed Finance
- Traditional RAD
- Proposed DCHA Self-Development
- Proposed DCHA Mixed-Finance Development
- Proposed DCHA Mixed-Finance RAD

What you will notice from this snapshot is that in all DCHA proposed financing structures, DCHA retains control in the critical areas: **OWNERSHIP, MANAGEMENT** and continues to **PROTECT AFFORDABILITY** while taking full advantage of **TAX CREDITS** and other sources.

Engaging local partners, national leaders, foundations, and here at home, talking with our resident leaders, the advocates, our union representatives, and other local stakeholders will be A CRITICAL ELEMENT AS WE PUSH FORWARD.



I acknowledge that progress takes time. Change, in any environment, is rarely easy to achieve. It can be truly uncomfortable for affected families; creating a level of anxiety and mistrust. We must, however, make bold and new decisions when championing the cause of our residents. We cannot stand on ceremony. Our vision for the future of DCHA involves a holistic approach to investing in our People and our Portfolio.

II. THE STATE OF DCHA

There are opportunities for enhancing, energizing and elevating this agency and its core operations with a focus to improve on how we deliver service to our customers, how we put together development deals and how we support our residents on their path to self-sufficiency.

There is a new energy at DCHA, I continuously parrot “changing the game” as a mantra and I say thank you to all the employees who each day match my enthusiasm to surpass expectations.

I have dedicated significant time and resources reviewing all aspects of our agency operations as well as meeting with residents, staff, service providers, development partners, advocates, local and federal officials and other stakeholders to gain a better understanding of where our strengths lie and where there are opportunities for improvement and innovation. To that end, we have initiated a comprehensive strategic planning process that will help to outline a roadmap for the future.

During this review I placed a special focus on the interests of our **PEOPLE** and our **PORTFOLIO**. Based on what I initially discovered I directed a thorough Environmental and Risk Assessment of each and every housing unit in our portfolio.

I have convened over 37 town hall meetings to engage our residents face to face. These meetings were designed to better understand the interests of our resident population and the conditions of the properties we provide for them in which to live. It was important for me to understand who our customers are and for the residents to get to know me. And what I discovered is the following:

- 7,106 public housing households
- 16,200 households participating in the voucher program (local and federal)
- 43,000 applicants are on our waiting lists, meaning they are waiting for a vacant unit or a voucher

Another way to look at these numbers, and appreciate their magnitude is to look beyond the front door and look inside their homes. The actual number of individuals who make up these households:

- For public housing and voucher households that number rises to 51,000 persons receiving assistance
- And our waiting list number climbs from 43,000 households to 90,000 people

Collectively, we have a relationship with over 140,000 Washingtonians.

Compared to the current population of the District of Columbia, this means DCHA has a relationship with approximately 20% of District of Columbia residents. Approximately **one in every five residents** is either receiving assistance or has indicated a need for affordable housing.

In addition, between May 2015 and July 2018, nearly 10,000 DCHA customers completed an online profile and shared information about their education, work experience and variety of other details. Of those who responded, here is what we learned:

- 48% attended college
- 55% are currently employed or attend school
- 45% worked in administrative services (admin assistants, receptionists, etc.)
- 23% have job experience in healthcare
- 4% worked in construction
- 27% currently earn between \$20,000 and \$40,000 annually

These numbers ring familiar to me. They represent what my experience has been. Its hard-working people who live in and benefit from housing assistance.



I also took a deeper review of how the agency responded to maintenance requests. It was clear that we had to implement immediate changes to better respond to the needs of our customers for maintenance service, including how we process and complete work orders.

As I reported to the Council last year, we had a **backlog of 2,300 work orders**. I made a commitment to our residents and advised this Council that we would work to eliminate the work order backlog by December 31, 2018. By establishing new processes and increasing the level of ACCOUNTABILITY through the 3C's Campaign, which requires every employee, and in particular maintenance staff, to ensure that their work is carried out in a Courteous, Complete and Clean manner, **we have accomplished this goal**. We also leveraged this initiative to create training opportunities for our first Modified Apprenticeship Training Program, so trainees can gain real world experience while making improvements in their communities.

To be clear, work orders are always being created but we needed to become proactive in order to be more responsive and to regain residents' confidence in our ability to deliver high-quality customer service.

III. OUR PORTFOLIO

I think we can all agree that no meaningful discussion on public housing can take place without significant dialogue about the conditions of our portfolio. Much has been written recently about the DCHA properties. Today I will take the opportunity to provide you with details of the conditions.

When I last addressed the Council, I highlighted that our maintenance needs are increasing considerably and the agency has been without adequate funding for several years, and our housing stock is facing rapid deterioration.

I also reported that our capital needs assessment demonstrated that we need \$1.3 Billion to bring our entire portfolio to 20 year viability.

The infographic is titled "2018 ENVIRONMENTAL ASSESSMENT" and features the DCHA logo and the slogan "COURTEOUS COMPLETE CLEAN". It states "We are the District of Columbia Housing Authority." The main message is "WE'VE ASSESSED 100% OF OUR PORTFOLIO". It is divided into two sections: "LEAD ASSESSMENT" which says "DCHA ASSESSED EVERY PROPERTY" and "100% ASSESSMENT" with icons of houses and a family; and "VISUAL INSPECTIONS" which says "100% OF DCHA PUBLIC HOUSING UNITS (61 PROPERTIES, 7K UNITS) WERE VISUALLY INSPECTED" with house icons. A bottom section in a blue box states: "WE WILL PERFORM INTERIM CONTROLS IN EACH UNIT WITH LEAD HAZARDS BY DECEMBER 2019 • MORE THAN 2,500 UNITS IDENTIFIED AS EXTREMELY URGENT NEED • ESTIMATED \$343 MILLION SHORT-TERM FUNDING GAP".

Today, I will add to that number as a result of the findings of the Environmental Initiative and Risk Assessment. Third-party inspections were completed and have identified the immediate need for \$343 million to address the following;

- The conditions of roughly 2,400 homes require immediate attention. Any further delay could affect the health, safety or general well-being of the residents who live in these homes.

- The assessment revealed that more than 5,000 residents, including 1,483 youth age 17 and under and 937 elderly residents, live in these homes.
- The findings also revealed that the remaining 4,500 homes are in such critical condition that their long-term lifespan is at risk.

These findings, though alarming, are all too familiar. Housing Authorities around the country are contending with very similar circumstances. The true villain is a rapidly deteriorating housing stock resulting from a combination of factors, including outdated infrastructure, deferred maintenance, and lack of funding.

Given this grim reality, we must tackle some serious questions as we pave the path forward.

- How will we respond to this reality?
 - In the short- and long-term?
- Where will the funding come from?

And I fully understand the seriousness of the potential impact on our residents and our finite resources.

- In leading this agency forward, I want to ensure that the District's most vulnerable residents live in conditions that are free of environmental and safety hazards. Homes in which I would want my own mother to reside.
- That is why as a first step I took immediate action to protect our residents.
- If hazards were found, my team took steps to address them promptly.
- In addition, my team and I advised our Board of Commissioners, residents, US Department of Housing and Urban Development (HUD), and local officials of our initiative and outcomes to date.
- I have also sought advice from nationally recognized experts, as well as provided appropriate notices to residents.

The results of the assessment confirm that we are at an inflection point.

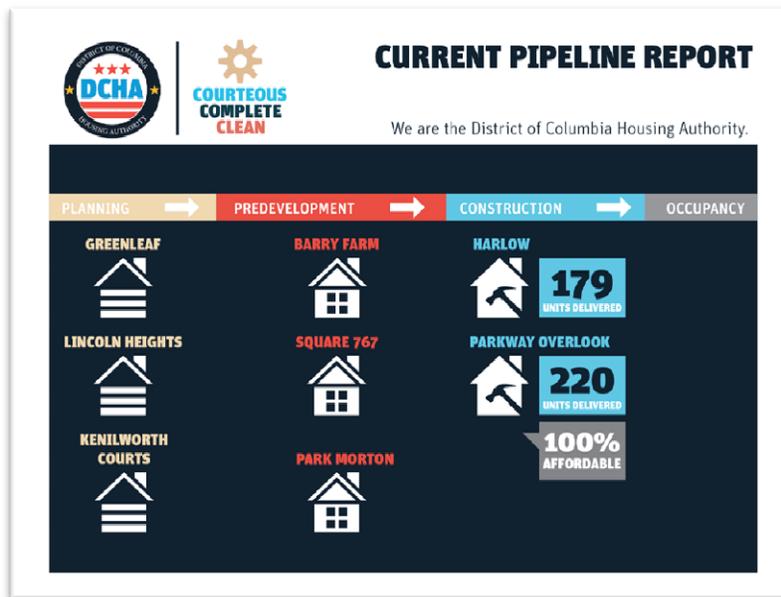
- In order to create a sustainable housing infrastructure in the District of Columbia we must embrace the new reality of the Public Housing Industry; change the culture and

perception of public housing and be the agent for change across the country.

- That change must be predicated on credibility and a sense of urgency.

Why do I say this – because THE DAY HAS COME WHERE WE MUST CHANGE THE WAY WE THINK, THE WAY WE ACT, AND THE WAY WE PROVIDE HOUSING ASSISTANCE TO OUR CUSTOMERS.

In the face of these challenges we continue to do the day-to-day business of the agency. During my testimony last year I acknowledged DCHA was the first in the nation to use **EB5 investments** in affordable housing financing at our HOPE VI site, Arthur Capper /Carrollsborg, now known as the Capitol Riverfront neighborhood. That’s innovation



It is important to emphasize that in spite of, or rather, because of the challenges, the DCHA team continues to work hard every day to bring more affordable housing units online. Since I arrived, we have made significant gains to preserve and create more affordable housing. For example:

- Later this month, DCHA will bring 220 units of affordable housing on line in Ward 8 at Parkway Overlook; we self-developed the project with the creativity necessary to remain within an 18 month construction window.
- An additional 38 affordable units and 141 market rate units will be added in Ward 6 in the summer 2019 at The Harlowe, a public/private endeavor;
- An additional 188 units of affordable housing will be part of a funding application for Kenilworth Courts
- The agency had its first Rental Assistance Demonstration conversions (Colorado Apts, Columbia Rd, Fairlawn Marshall and Matthews Memorial Terrace) resulting in 109 public housing units converting to a more sustainable project- based voucher (PBV) operating subsidy;
- We secured \$88M in financing for Energy Capital Improvement Program (ECIP) projects;
- We were awarded the \$5M **Solar for All** grant from the District Department of Energy and Environment (DDOE);
- We partnered with DDOE to install solar panels at Garfield Terrace, a 277 unit property in our portfolio. To date, this is the largest solar powered system in DCHA’s inventory. This two-year weatherization and solar installation is one of the first multi-family sites to receive all energy efficiency measures.

District-wide projects supported by DCHA for rental assistance include:

Property	# Units	Ward
HELP Walter Reed	75	4
Meadow Green Court	15	7
The Solstice	15	7
Abrams Hall	16	4
1164 Bladensburg Rd, NE	13	5
Brookland Place Apartments	15	5
Fort Stevens Place	7	4
Liberty Place	14	6
Total	170	

These positive projects were made feasible through the use of the project-based voucher approach for creating sustainable units with operating subsidy.

Our development activities have resulted in:

- Three (DC Prep, Early Childhood Academy, and Bread for the City) New Market Tax Credit deals;
- Initiating the creation of a new strategy to maximize our assets, land, and cash for faster developments that will include full wrap around services for education and workforce development;
- Analyzing and recommending the best use of PBV and Local Rent Supplement Program (LRSP) vouchers for development.

IV. OUR PEOPLE



V.

Now to our PEOPLE. Creating opportunities for our customers is a top priority for me. I fully understand that without opportunity our people will not achieve self-sufficiency.

Recognizing that quality of life is also a critical element for thriving communities, I directed the staff in the Office of Resident Services (ORS) to be intentional about the programs and services we develop to support our residents. Over the past year, DCHA has:

- Maximized outcomes of workforce and economic inclusion programs within every DCHA contract
- Expanded Section 3 placements and other resources for residents by exceeding the HUD required goal by 150% resulting in over 170 resident job placements in 2018
- Expanded scholarships, college prep opportunities and developed new programs for youth, seniors and other vulnerable resident groups -with \$40,000 in scholarships to twenty-two students attending colleges and universities across the country
- Connecting residents to high-quality job training and employment opportunities
- In this regard, we are increasing the opportunity for our residents to get the education, training and skills needed to make them job-ready in order to compete in the marketplace.

The Housing Choice Voucher Program, through their Beyond the Voucher initiatives are also taking innovative approaches to improving the quality of life for our participants. Such activities include youth sports and learning, veteran's appreciation, and senior activities.

In addition, Housing Affordable Living Options, also known as HALO, is committed to the empowerment of families, supporting them in accessing housing opportunities in opportunity neighborhoods. Through a suite of services and incentives for both voucher participants and landlords, we have over 300 families that have elected to participate.

The reality is, however, that many people remain unemployed or underemployed. That is why my team is thinking outside the box and being creative as they work with various organizations to build capacity for our residents.

I appreciate the Council and the Mayor's support of our efforts to provide residents with economic opportunity; this work has a real and lasting positive impact on our communities. I look forward to working with you as we identify additional funding for these, and new, initiatives – and as we continue to make improvements and progress within our organization.

DCHA is committed to its residents and is currently developing human capital plans to correspond to the different development financing and portfolio stabilization options. These plans will focus on ensuring residents are informed, meaningfully engaged, and provided access to any and all resources necessary for a smooth transition and continued progress toward their personal goals.

Time is of the essence and the future I envision for DCHA is to stabilize and then expand our ability to provide affordable and safe housing, create greater economic opportunity, and raise the standard of living for our residents. All of this is within our reach. But it will only happen if we work together collectively with a vision toward the future. Thank you for your time. My team and I welcome your questions, concerns or observations.

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