

GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOUSING PRODUCTION TRUST FUND ADVISORY BOARD

Meeting Highlights

(For more details, see Transcript)

Monday, December 16, 2013

DC Department of Housing and Community Development (DHCD), Housing Resource Center.

Meeting Participants:

Board Members Present: David Bowers, Chairman; Stanley Jackson; Jim Knight; Sue Marshall; Oramenta Newsome; M. Craig Pascal; Bob Pohlman; Jacqueline Prior; and Michael Kelly, Director of the DC Department of Housing and Community Development (DHCD), *ex-officio*.
Absent: David Roodberg.

Inter-Agency Government Staff: Beatriz Otero, Deputy Mayor for Health and Human Services (DMHHS); Sakina Thompson, DMHHS; Matt Scalf, DMHHS; Andrew Trueblood, Deputy Chief of Staff, Office of the Deputy Mayor for Planning and Economic Development (DMPED); and Allison Ladd, DC Housing Finance Agency (HFA); David Berns, Director of the Department of Human Services (DHS).

DHCD Staff: Milton Bailey, Beatrix Fields, Nathan Simms, Oke Anyaegbunam, Chris Dickersin-Prokopp, Taura Smalls, Douglas Kemp, and Vonda Orders.

Guest(s): Polly Donaldson, Executive Director, Transitional Housing Corporation.

See *Attachment (1)* for copy of Sign-In Sheet.

Agenda Items and Actions Taken:

See *Attachment (2)* for copy of Meeting Agenda.

1. **Call to Order & Introductions:**
The meeting was called to order at 10:02 a.m. and a quorum was established.
2. **Approval of Minutes for November 18, 2013:**
A transcript of the November 18, 2013 meeting was made available to the Board. DHCD staff is in communication with the DC Office of Boards and Commissions to clarify what records must be maintained for public meetings, in accordance with the Open Meetings Act. Chairman Bowers noted that the Board will work with DHCD staff to receive a written summary of HPTF meetings to use as a reference going forward.
3. **Presentation: Addressing Demand Side Challenges:**
The discussion was introduced by Chairman Bowers who indicated that the Housing Production Trust Fund Advisory Board decided, through consultation with Deputy Mayor Victor Hoskins, to take on two charges from the 2013 Comprehensive Housing Strategy Task Force: (1) how to best leverage Housing Production Trust Fund dollars; and (2) to look at "Demand Side" issues. The first in a series of presentations on the Demand Side Issues was

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led by Board Member Sue Ann Marshall, with a presentation by David Berns, Director, DHS. See *Attachment (3)*.

A. *Introduction by Board Member Marshall:* In addressing Demand Side Challenges, a presentation was developed by a working group that included collaboration among housing developers, service providers, job training program coordinators, and educational institutions representatives. This working group was made up of many District agencies, members of the philanthropic community, Gallaudet University, and the Association for Retarded Citizens. One major issue identified by the working group was that in order to promote economic vitality and maximum self-sufficiency, access to integrated wrap-around services should be made available to all recipients of District and federally funded housing supports for families at 0-30% AMI.

B. *Review of the report, findings, recommendations, and next steps are listed below.*

(1) *Introduction:* The District's most vulnerable population represents 30% or less of AMI and is categorized in two main groups: families and individuals. Data on the District's homeless families show that since 2007, the number of homeless families has almost doubled from 507 to 983; 17,000 families receive TANF benefits; 40% of families are either doubled up, on the verge of eviction, in shelters, or are housing insecure; and currently, 65,000 families have been identified as either homeless or on the verge of homelessness and in need of stable and safe housing. The effects of being "housing insecure" are evidenced by the inability to focus on growth needs like healthcare, additional training, and education without the economic security and ability to meet personal physiological and safety needs. The assessment completed under Mayor Gray's Administration revealed that the small amount of financial assistance supplied to this group is insufficient and time limited. Thus, the goal, although proving difficult, is to assist this population with securing employment and being economically secure.

(2) *Family Side Presentation:*

- a. *Family Side Background:* The presentation Report began with looking at TANF recipients and focusing on training and employment. But with 65,000 housing insecure families, the effort shifted to focusing on a smaller population of 1,000 families to whom DHS provides homeless services. Initially, it was thought that making referrals for shelter alone was sufficient. But, it was realized that focusing on shelter as the final solution to homelessness was an imperfect solution because these families were unable to concentrate on things that would lead to economic security.
- b. *Merge with TANF Program:* DHS, with guidance from Deputy Mayor Otero, decided to merge the TANF program with services and supports provided through the homeless side into one centralized intake system that, in addition to shelter, included connections with vouchers, public housing, and other strategies while maintaining a "Housing First" philosophy. This new intake system allowed for

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the immediate assessment of employment training, medical issues, child support and child care to be provided at one time through a unified and longer term approach.

- c. *Strategy for Family Side:* About 44 years ago, permanent housing subsidies were seen as the only way to help families. A lesson learned about permanent supportive vouchers is that with each new entrant, a new appropriation is needed; 30-year recipients of permanent housing vouchers clog the system, by reducing the number of resources available to assist new entrants, causing the system to collapse; and using the same resources from one year to serve the new population in the next year can stabilize the system. With the Housing Authority's waiting list growing to 70,000, the philosophy became, *we cannot afford to give everyone a permanent voucher. Is there another way to work forward with this population?*
- i. DHS, along with the federal government, began looking at crisis intervention like ERAP (Emergency Rental Assistance Program) and Rapid Re-housing (short term intervention). Nationally, statistics showed that 80% of the families that are appropriately screened and given the short-term subsidy are able to pay their own rent within a year. The District's data show, about the same as the national average, that 80% of the families receiving vouchers through Rapid Re-housing are stable enough to pay their own rent after one year.
 - ii. Permanent Supportive Housing (PSH) has been developed for families that require permanent vouchers and permanent services for long-term sustainability. DHS, in partnership with Freddie Mac and other organizations, assessed families using a new vehicle called "SPDOT" to determine if they meet the criteria for PSH. Of the 500 families who were assessed, only 7% qualified for PSH and about 10% can get by with short term intervention, like emergency rental assistance (first month's rent and security). What the assessment discovered is that DHS has an unlimited supply of money available to get people moved into a voucher program, such as Rapid Re-housing, but finding the apartments to house the families is challenging.
 - iii. Most of the families receiving assistance are not selected for the newly constructed/renovated housing developments financed by the systems the District developed over the years. In terms of numbers, the new developments offer a unit supply that is grossly inadequate. In addition, a guarantee of a permanent voucher is almost always needed for financing to go through. The guarantee of a permanent voucher is problematic in that these guarantees clog the system by providing long-term services, financial additions, and supports to families who may only need the assistance for a short period of time. Families needing supports, services, and financial additions should receive what they need, when they need it, in the amount that they need in order to be successful, but not more than what is needed beyond the period of need.

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d. *Family Side Challenges:*

- i. *Buy-in from developers and landlords:* The challenge on the family side is getting developers and landlords to accept a person living on TANF alone. Even with knowing that accepting these families will open the door for them to be able to work on their other issues and be able to pay their own rent within a year or so, securing buy-in from developers and landlords has been tough.
- ii. *Elimination of D.C. General Shelter:* Over the last few years, DHS has averaged 37 exits from its homeless programs and received 50 new homeless families per month, for a net of 13 more families per month entering the shelter system at any given time. To eliminate the population at D.C. General within two years, exiting 60 families for every 50 families that enter is needed. The plan to eliminate D.C. General begins with the Virginia Williams Intake Center. The next part of the plan includes exiting families faster. The final phase is to provide continuing and ongoing support services towards economic self-sufficiency. An increase in the supply to meet demand for families that will come with either first month's rent and security will make the plan viable, if they already have a job; or a willingness to take in people that have Rapid Re-housing vouchers and not be contingent upon only having permanent vouchers is essential.

(3) *Questions and Discussion Regarding Family Side Challenges:*

- a. *For families with primarily school-aged children, where are those children located geographically in our city?* There are 600 children (just over half are school aged and the rest are under age five) at D.C. General, who attend 70 different schools because McKinney-Vento Act says that there is a "school of choice" right, i.e., children should not leave their schools because they have lost their home. McKinney-Vento coordinators are in every school district, and there are liaisons at D.C. General and within our service network to connect those children with their respective schools.
- b. *Of the 80% of families that go through Rapid Re-housing who are able to pay their own rent within the year, are those market rate rents, or are those rents that are somehow subsidized?* The presenter advised that most are market rate; however, the government does not give a Rapid Re-housing voucher to a family to move into a \$2,000 a month rental unit because they would never be successful. The government is looking for \$1,000/month or less for the rent. The presenters indicated the government is having a very hard time finding three and four bedroom units. Also the presenters advised that where the adults have jobs, they are able to pay rent, not necessarily at the 30% that we might have in public housing philosophy. It may be 40%-45%. The government has to increase its skills in helping these families to not only secure their first job that allows them to

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pay maybe 50% of their rent, but help them move up the career ladder so that they are able to pay more towards rent. Also, the government has negotiated rents, sometimes large volumes, with private landlords.

- c. *Do you have a breakdown of the families that need housing, e.g., the size of the family unit size? What are we talking about in terms of family size? Do half need three-bedrooms, for instance?* The presenters advised that from the shelter side, it varies. The longer they are in the shelter, the more they tend to be larger families with multiple issues. Two-and three-bedrooms are what is needed most; 30% need three or more bedrooms which are extremely difficult to find. The need for larger family units is why the system is clogged up. The government has been more successful with those families that can get by with two-bedrooms than with those who need three and four bedrooms. This is one of the reasons for wanting to look as far ahead at pipeline to be able to influence a better mix of units to coordinate with population.
- d. *Do we have a strong enough sense of what the overall number of units we need at each size, and the amount that could be paid for them; then begin to create a strategy that will build some portion of those units, either from rehab or new construction, and a goal for what might be out there already in the form of leasing or however else that might be managed?* Deputy Mayor Otero agreed that a multi-pronged strategy that looks at the very immediate supply is needed to address the housing crisis. She indicated that treating the housing crisis as a national disaster will allow us to come up with a permanent strategy that we can fully implement. Deputy Mayor Otero challenged the Board to produce 1,000 units where 80% of the population is ready to move into them for one- year to 18 months with supports and then move on.
- e. *It seems that a good place to start is with the three and four bedrooms. How many three and four bedrooms did we get out of the last RFP?* DHCD responded, none from the most recent RFP.

(4) Individuals:

- a. *Background:* Unaccompanied adults, those without children, are warehoused in a room of 50 to 75 people at a cost of \$20/day. It is known that people do not do very well with this living arrangement and that this population does not get jobs (there is a lost opportunity for income and sales taxes) and have an increased amount of crime (forcing this population outdoors from 7:00 A.M. to 7:00 P.M. places them in more vulnerability in the street and increases the costs of the criminal justice system, both as victims and potential participants in those crimes). Unlike families, the District is significantly behind in addressing the needs of this population, because for this group there is no centralized intake, no consolidated assessment system, very little in strategies for exiting the adults, and no employment, or very little employment, and no training programs.

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- b. *Exit Strategies:* Like homeless families, the only exit strategy for unaccompanied adults has been permanent supportive housing. On average, there are about 8,000 to 9,000 individuals that stay in a shelter per year and while you can approximate the average length of stay to be 4 months, 90% of unaccompanied adults have lived in the shelter for one year or more. So, there is a turnover of only 10%-20%. A strategy is needed to capture savings from another group to address the 2,700 who are chronically homeless. DHS is exploring a pilot for a centralized intake and centralized assessment. Rapid Re-housing has never been a locally funded strategy for this population. DHS has entered new partnerships and has a funding source for food stamps and expanding employment services with the Department of Employment Services, the private sector, and some foundations to provide matched funds so that federal funds can be drawn.

- c. *Issue for City:* The city has to replace some shelters. Mr. Berns proposed in the DHS budget to fund three 100-bed shelters and to take at least 200 of those beds offline. For the plan to work, other housing options are needed. The challenge is finding alternatives for this population using Rapid Re-housing and creating a system on the supply side for matching people who want to stay together.

(5) *Questions and Discussion Regarding Individual Side Challenges:*

- a. *As you were describing on the family side where 80% or 90% of folks ought to do well with Rapid Re-housing and only 10 or 20 need permanent support, what is the split on individuals?* The presenters advised that they have not had enough of a sample to determine this information for the individual side.

- b. *Are SROs out of favor now? Is there a reason not to do them anymore?* The presenters advised that the difficulty is that it may be appropriate for some, but it is not as flexible in terms of being able to have a more individualized and independent life.

- c. *The city is transitioning in a way that is unprecedented. So, where would we locate some of these opportunities while at the same time trying to balance the city's notion of wanting to create this new creative economy and try to optimize value from underperforming assets in neighborhoods?* The presenters advised that from their discussions with the Mayor and the Administration, the housing would be strategically balanced around the whole city. Right now most of the city's affordable housing is in Wards 7 and 8. But it should be scattered. Philosophically, it should be geographically dispersed, economically dispersed, and mixed in with virtually every development.

- d. *Do you have a sense that efforts have saturated? Or is there a certain set of obstacles that reappear? How do you assess the potential of getting more of those kinds of units?* The presenters indicated that a lot has to do with better utilizing resources to provide incentives for landlords. Board Member Marshall stated that

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increasing the portfolio of landlords has been the biggest issue. The low end of the rental market has been saturated in terms of absorption of units.

- e. *Is there a systematic process to identify existing DHCD supported units plus private sector unsubsidized units? Is there a way to cross-walk the Housing Needs Assessment with the units that are proposed in the current NOFA conditional awardees? Is there a process that has been undertaken to help identify where resources, in terms of units, may exist within the current pipeline?* Mr. Bailey responded that DHCD can identify in the current pipeline where the three and four bedroom units are located. He indicated that DHCD could certainly ask developers to increase the number of larger units; and in the negotiations with developers, ask them to reconfigure or increase their units as well. However, Mr. Bailey advised that any deviation from what a developer submits as their proposal would more than likely require additional subsidy, or a fine-tuning of the subsidy. So, with the objective of reducing the impact on the HPTF, it would increase the hit on other federal funds. Mr. Bailey also noted that additional ways to begin to address the problem are: (1) to provide bonus points for developers who would propose three and four bedroom unit properties; (2) to work with sister agencies (DCHA, DHCD, DCHFA, and DMPED) in terms of what subsidies are put in their units if they make it a mandatory development initiative to set aside five percent of their units for permanent supportive housing; and (3) reviewing existing appropriated funds to assess what debt service can buy.

(6) *Sources and Uses of Funds:* Board Member Marshall provided a source and use comparison. In terms of funding sources, the total is \$96 million. DHS is the largest source, providing roughly \$76 million through Child and Family Services, which includes the Rapid Re-housing program for young people, who are aging out of foster care and Emergency Rental Assistance. The second largest source is Federal Supportive Housing, which is permanent supportive housing, rents and services through the Shelter Plus Care Program (a federal rent supplement program). The highest use is Permanent Supportive Housing at 19%, or \$18 million. The second is Rapid Re-housing with case management at \$12 million. Lastly, \$15 million is spent on security, food, repair, and maintenance of temporary shelters.

Mr. Bailey noted the benefit of mounting a housing crisis campaign. He advised that part of the solution is to take a different look at the type of housing the HPTF Advisory Board will recommend for development or participate in developing. Mr. Bailey drew on his experience with Hurricane Katrina in Louisiana, sharing that FEMA's Katrina Cottages may have application today but in a different context. The idea, similar to modular housing, will be easy to maintain, easy to replace, and can house a migrant and transient population. The question becomes how can we build the modular units, prefabricated units, set them aside for District use and then have an immediate supply and move folks into permanent residency or permanent affordability as a second stage, or as their needs change.

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(7) *Services Needed that Must be Combined with Housing Subsidies:* The following services are needed: Case Management; Soft and Hard Job Skills Training (given the characteristics of the subject population, major work readiness is needed before job placement and job training can occur); Employment Placement; Literacy (early-childhood development and adult education); Budgeting and Financial Literacy (budgeting and financial literacy is a high priority given that the aim is to have consumers, in the 0 to 30% and 30% to 60% of AMI, be able to ultimately either afford the full cost of housing or to contribute substantially to the full cost); Savings and Individual Development Accounts; Daycare, Early-childhood and After-school Programs; Parenting and Life Skills Training; and Behavioral Health Services.

(8) *Identified Best Practices:* The Hope VI Program was identified as one of the principle best practices to replicate. This program changed the physical shape of public housing. The goals are to discuss changing the shape of neighborhoods, establishing positive incentives for resident self-sufficiency and comprehensive services that empower residents, investing in non-poverty neighborhoods, promoting mixed income community, forging partnerships with other agencies, local government, non-profit organizations, and private developers and owners to leverage support resources. Atlanta's Purpose Built Communities were identified because of its provision of top quality amenities and support services. William C. Smith Partnership with DHS on Mississippi Avenue and the Freddie Mac funded partnership with DHS, THC, Community of Hope, and the Community Partnership were also identified.

(9) *Relevant Recommendations:*

- a. *Integrated Wrap-Around Resident Services:* The most relevant recommendation contained in the Report was the 12-month development of a collaborative initiative for system change to support and coordinate ongoing efforts to provide integrated, wrap-around, or resident services when affordable housing is funded by locally controlled funds. One effort identified to support this recommendation was to encourage District funded housing developments to hire eligible and qualified TANF, food stamp, and local rent supplement participants who reside in the particular developments (policy recommendation). An administrative recommendation is to develop data sharing solutions to assist the city and non-profit providers to identify common service goals. (This recommendation parallels current efforts by DMPED to establish an affordable housing database). Lastly, a recommendation was for DHCD to modify its application process. DHCD has made significant progress modifying its application process to include wrap-around services in development plans and to allow services to be included as eligible expenses.
- b. *Next steps:* (1) identify all of the available units in the funded project pipeline; (2) develop a timeline for the production and occupancy of those units; (3) identify families and individuals who are eligible for those units; (4) develop an inventory of existing supports and services to link families and individuals to affordable housing units coming out of the pipeline; (5) assess the availability of quality

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services associated with units and in neighborhoods; (6) quality control needed around defining and accessing services; (7) identify and access opportunities to move households from zero to 30% income range to higher income ranges; and (8) continue collaborations that started in the initial Demand Side Working Group.

(10) The Board recommended/requested the following:

- a. List/or number of units financed or to be created for 0-30% population where tenants have not been identified. Deputy Mayor Otero recommended that these units to be set aside and filled by DHS pipeline; and
- b. Share with private sector developers and owners the urgent need for units for 0-30% housing to see how they may be able to help. In particular larger bedroom apartments; a breakdown of the number of unit sizes needed to meet the needs of the pipeline for families and individuals in 0-30%; DHCD to work with developers to see how Rapid Re-housing dollars can be used in place of permanent supportive housing in a development financing packages.

4. Update on HPTF Activities:

- A. *FY2013 NOFA*: An orientation meeting with FY13 NOFA Awardees is scheduled on Monday, 12/16/13. Board members asked that Awardees be requested to include more units for households in the 0-30% AMI income range; and to increase the size of apartment units to create more units in excess of two bedrooms. The agency was encouraged to seek incentives for these requests. Also, DHCD was requested to ask developers to discuss how to use Rapid Re-housing Temporary Housing Assistance for the 0-30% income range subsidies.

5. Old Business:

- A. *Response to Board Letter to Mayor*: The Board received a letter from Victor Hoskins, Deputy Mayor for Planning and Economic Development, on behalf of the Mayor, in response to its October letter regarding financial treatment of HPTF dollars across fiscal years (*Attachment (4)*). The Board agreed to review at the next meeting.
- B. *Status of Housing Needs Assessment Contract*: The contract was awarded to the Urban Institute and the first deliverable is due in mid-February 2014. Board Members noted several other regional needs assessment studies that will contact the DC government.

6. New Business:

- A. *Discussion of Next Meeting Agenda*: Chairman Bowers outlined that the Board would consider the following issues in the coming year: Leveraging HPTF dollars and Demand Side issues.

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- (1) *Leverage Options Discussions.* At the next meeting, special presentations will be made regarding options for leveraging HPTF dollars for affordable housing. The speakers have not been finalized. A subcommittee was formed on the issue of Leveraging Recommendations that includes the following Board Members: Bowers, Pascal, Pohlman, Jackson and Newsome.
 - (2) *Demand Side Discussions.* For future discussions on Options for Demand Side Challenges, the subcommittee will continue to recommend next steps. The subcommittee includes Board Members Marshall, Prior and Knight.
 - (3) *Stakeholder Meeting Next Quarter.* In the next quarter, the Board will work with DMPED to schedule a meeting with development, philanthropy, and finance stakeholders to share the Mayor's Vision, goals, barriers, assets and resources to reach the 10,000 affordable units by year 2020.
 - (4) *Future Meetings of the Board.* Next meeting is scheduled for Monday, January 13, 2014, at 10:00 am at DHCD. With the exception of January and September, the Board agreed that all meetings in 2014 will be held on the first Monday of each month at 10:00 am, same location.
7. Announcements: There were no announcements.
 8. Public Comments: There were no public comments.
 9. Adjournment: The meeting was adjourned at 12:02 P.M.

Attachments: (Handouts or PowerPoint Slides)

Attachment (1): Copy of Sign-In Sheet for 12/16/2013.

Attachment (2): Agenda, dated 12/16/2013.

Attachment (3): "Demand Side of Affordable Housing Presentation", dated 12/16/2013.

Attachment (4): Letter from Victor Hoskins, DMPED to David Bowers, HPTF Advisory Board Chairman, dated 12/2013.

Submitted By: Beatrix Fields, Senior Legislative Specialist, DHCD

(Any corrections should be forwarded to beatrix.fields@dc.gov)

****The audio recording of this meeting may be heard by contacting Pamela Hillsman, Senior Community Resource Specialist, at Pamela.hillsman@dc.gov or calling 442-7200.**

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Approval of Meeting Highlights. *The Board tentatively approved these Meeting Highlights at its December 1, 2014 meeting, with leave for the staff to make any technical amendments, and to post on the DHCD website. After final approval by the HPTF Advisory Board, the approved final Meeting Highlights will replace the Tentatively Approved Meeting Highlights and be posted on the DHCD website.*

Final Approval:  (David Bowers, Chairman)
12/19/2014 (Date)