

Good afternoon Chairperson Luetkemeyer , Ranking Member Cleaver, and other members of the Housing and Insurance Subcommittee, I am Adrienne Todman, Executive Director of the District of Columbia Housing Authority. I am pleased to be here today to provide information and insight on affordable housing innovations undertaken here in the District of Columbia over the past several years and thoughts on ways to facilitate the expansion and preservation of affordable housing.

My expertise in this area builds on almost 25 years of experience at both the federal and local levels of government. I began my professional career here in this building as a legislative assistant and after four years, moved over to a policy position at the U.S. Department of Housing and Urban Development where I had the great privilege of helping to shape the HOPE VI program during its early years, and working and learning from some of this country's greatest minds on housing and community development.

I now have the responsibility of implementing many of the programs and rules that I worked on at the federal level. And in doing so, I can recognize that the best of intentions are too often unnecessarily bogged down by burdensome processes; limiting our ability to shape programs with locally driven-solutions. DCHA is very fortunate to be a Moving to Work agency which allows us to effectively shape our response to local issues.

A housing authority cannot fulfill its mission alone. Our success requires the support of this Congress, HUD, our local leadership, our clients and the private sector. Without our private sector partners we would be unable to achieve our core mission to nurture healthy

neighborhoods and unlock opportunities for our clients. Much as we need the support of this Congress, HUD, and other federal agencies, we need outcome-based partnerships with the private, for- and non-profit sector to accomplish our work. Allow me to provide some examples.

My housing authority houses more than 50,000 low-income families here in the nation's capital; more than 20,000 live in traditional public housing communities and we provide more than 30,000 with a rental assistance voucher to live in private rental units.

For those families who live in private rental units, we rely on our local landlords to provide affordable housing. My agency works with more than 3,000 private landlords and we continue to market our program to new landlords. Without the active participation of these private partners our voucher clients would have a very difficult, if not impossible, time staying here in the District of Columbia.

Additionally, DCHA works very closely with many private and non-profit developers to create affordable units for low-income families in development projects where, but for our public-private partnership, these families could not afford to live in the District. Through project-based partnerships we have created almost 2,000 units throughout the District and in neighborhoods that have become less affordable to even moderate-income families. While the rental units are privately owned, DCHA has a contract with each owner guaranteeing affordability. These partnerships have helped the housing authority expand the number of physical units that are affordable to low-income families.

Our traditional public housing developments represent the backbone of affordable housing in DC. DCHA owns, manages or subsidizes more than 8,300 units of public housing for low to moderate income households. These rental units provide housing to many of the city's lowest income families. This housing stock is a precious resource locally...and nationally. Unfortunately, the program remains severely underfunded in both the federal operating fund and the capital fund. My colleagues and I make very difficult decisions each fiscal year that reflects this underfunding. Whether it is the reduction of time that it takes to make a unit available for another needy family or delaying the repair of a roof subjecting a family to constant leaks or ensuring that our units are comfortable for our seniors during harsh winters or blistering summers.

As executive directors, we certainly want funding levels to represent 100% of what is promised to us via our annual contributions contract and we certainly would like to receive capital funds to deal with the almost \$30 billion in capital backlogs recorded by HUD, but we cannot wait for the priorities of our funders to change. This is why we must explore market-driven solutions to preserving these units.

The HOPE VI program was one means of this public/private partnership created in the 1990s....and DCHA is one of the most successful grantees of this program. Today in addition to the Choice program, the successor program to HOPE VI, HUD has created a new tool, the Rental Assistance Demonstration program (RAD). This program strives to preserve public housing by changing the funding structure. Instead of a public housing contract, a housing authority would have a project- based voucher contract on the units. This new contract structure would allow

us to borrow against our assets to raise funds to modernize the property. I support the use of RAD to modernize our units. We have received preliminary approval for 900 units, and I am working with my Board, staff and clients to submit additional RAD requests to HUD for a number of our sites.

Of the 8,300 public housing units DCHA subsidizes, almost 1,800 are part of a redeveloped community or were recently rehabbed, and are not in immediate need of modernization. The remaining units, just over 6,500, are located in our family and senior/disabled conventional sites. We have analyzed our need and we have determined that DCHA would need more than \$1 billion in additional funding to bring our entire stock up to a 20 year viability, and to complete our current redevelopment pipeline of low income units.

There is no cookie cutter plan that can be applied to all sites. Rather, the approach for any site needs to take into consideration the local and federal funding available, the debt and equity that the site can bare, and the ability of the site to contribute to wider community needs such as more affordable workforce housing, market rate housing, homeownership options, and commercial amenities. And, very importantly, we need the voice and input of the clients and core stakeholders. DCHA has been working aggressively on its redevelopment and modernization pipeline, but with a process that is sensitive to resident concerns.

This work has been a catalyst for further community development across the city. For instance, in the late 1990s the vacant Ellen Wilson, not too far from here became the Townhomes on Capitol Hill and spurred the now vibrant 8th Street SE corridor which is home now to the country's best restaurant.

The revitalization of the old Capper/Carrollsborg site was the spark that energized much of the work along the M St. corridor near the Navy Yard...today there is a Harris Teeter, restaurants, and a baseball stadium.

And once the Henson Ridge community was being rebuilt, the plans for the first full service grocery store and the still only sit down establishment in Ward 8, in Southeast DC, were finalized and built.

These sites represent some of the 2600 affordable units we have developed with our private sector partners over the years. And our work is not done. DCHA has 13 additional communities and 12 buildings that serve seniors and persons with disabilities that are at various degrees of capital need. And whether our tool is Choice, RAD, tax credits or bonds, we need our private partners to continue to join us at the table.

Our work has been vital to both economic development, but also, and most importantly, the preservation of low-income affordable units in each of the neighborhoods I mentioned and several more from Capitol Hill to Columbia Heights.

Over the years we have done this work always with sensitivity to the families impacted. This means that we had a robust process prior to redevelopment by meeting with the residents, community, and other stakeholders to get input, feedback, and to educate and inform. We have also created protections in our deals to protect the public asset into the future. We do this in several ways, including:

1. Long term (99 year) ground lease of land rather than fee simple transfer. At the end of the ground lease, land reverts back to DCHA.
2. HUD Declaration of Covenant for public housing units requires units are rented to public housing income eligible tenants for 40 years plus a ten year tail after the last date the owner receives operating subsidy.
3. DCHA negotiates first right to purchase option to acquire the property from the tax credit investor at the end of the 15 year tax credit compliance period.

Finally, our work with the private and non-profit sectors includes our work to help families achieve their full potential and improve their economic situation and future outlook. We seek to demystify the road to self-sufficiency by providing access to job training, jobs, youth development, and college education.

Some examples include:

- DCHA's Section 3 Workforce initiative provides our residents access to jobs through our contracts and vendors.
- DCHA assisted 7 families in our voucher program purchase a home last year, 10 with purchase contracts and 79 who are also working towards this goal.
- Last year, DCHA provided \$25,000 in college scholarships to youth, and organized college tours.

- The Achieving Your Best Life program is designed to help public housing residents achieve economic independence. We have two incubator sites, Elvans Road (Ward 8) and units within the Columbia Apartments building (Ward 1). Last year, our first AYBL participant purchased her home and I expect additional outcomes from this program.
- DCHA works closely with our colleagues at the D.C. Promise Neighborhood Initiative in the Kenilworth/Parkside community. The youth who live in Kenilworth Courts and the Kenilworth/Parkside RMC site, among others, will benefit from this data-driven federal program to improve life outcomes.

I would like to provide some recommendations on ways to help my colleagues and me.

Approval Process: The existing process to receive approvals for our mixed finance deals is complex and lengthy. It typically takes several months to get approvals. This could be a matter of not enough staff at HUD, lengthy internal discussions inside the building on routine matters, or now more than 20 years of deals, unnecessary processes.

Repositioning Process: Over the past couple years, the approval process for demolition/disposition has become ever more curious. Though the statute states that HUD *shall* approve a demo/dispo application if the PHA certifies to certain items and provides only narrow circumstances to disapprove an application, the current process places additional burdens on PHAs to justify their choices beyond what the statute requires, and leaves PHAs with fewer tools to improve their affordable housing stock. Additionally, HUD has assumed a

much more restrictive stand on the characterization of proceeds resulting from the sale or lease of public housing assets (i.e., ground leases, sale of land or buildings). Creating limits, for instance, on being able to use these funds for purposes of meeting guarantee requirements of lenders and investors and impedes an HA's ability to gain maximum leverage in the creation of affordable housing serving public housing eligible households.

Underutilized tools: *Section 30*, established in "QHWRA" allowed for the first time for debt to be placed on ACC units. Nonetheless, few if any housing authorities are allowed to use public housing operating subsidy to be used to pay debt service. HUD should consider using guidelines relating to whether a project is financially feasible by considering all funds used in structuring debt and not restrict (or disallow) the use of public housing operating subsidy. This can limit the effectiveness of leveraging debt financing to create or rehabilitate ACC units. *The Capital Fund Financing Program* is only viable with adequate public housing appropriations. Housing authorities are finding that they can no longer maintain the debt service coverage that HUD required, putting re-financings and RAD deals at risk.

Local Solutions to Local Problems: Finally, and the most important point overall, is the flexibility for housing authorities to respond nimbly and responsibility to current local conditions. DCHA is very fortunate to be a Moving to Work agency, and this has provided us with the ability to shape our local programs to respond to local needs. We have used a Local Blended Subsidy, which couples our public housing and voucher funding, to both rehab existing public housing and build new ones. We have created the first very low-income assisted living

facility here in D.C. by using our MTW regulatory flexibility to blend the public housing rules with the assisted living rules. We have used MTW to make it easier for our families to find affordable housing by increasing the voucher payment standard to 130%. Previously our payment standards were affordable in 14 of the 53 submarkets here in D.C.; with this change we can access 13 additional submarkets. This rule will also apply to our project-based program and will allow us to work with developers in neighborhoods that have become too expensive for low and moderate income families.

This concludes my testimony. Our overall commitment to improving conditions for low-income families who live in the District of Columbia is complex, but rewarding. As someone who traveled these halls, the halls of HUD, and city hall, it is very clear to me that with the appropriate level of public investment, a business environment that welcomes private sector involvement and the ability to apply local solutions to local problems, housing authorities will maximize our ability to preserve and create low-income affordable housing for families throughout the country. Thank you for inviting me to testify.