

# The Committee of 100

on the Federal City



## Testimony on the 2021 Action Plan DC Housing and Community Development

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Thank you for the opportunity to comment on the 2021 Annual Action Plan at the August 5, 2020 on-line hearing. This is an important plan and one to which the public should be able to turn both to understand the interface of federal and local funds, and to track progress from year to year toward established goals set by the Mayor and Council.

We have several comments and a number of questions that we hope you will address as you finalize this document.

I. The 2021 Annual Action Plan is deficient as a source of current information, as an accountability tool to measure DHCA and DHHS performance, and as a transparent document that educates the public on how federal and city taxpayer dollars are applied to achieve housing equity.

At this stage, the Action Plan is primarily a general description of programs with target numbers filled into generic categories. Specific projects are not identified by name making it impossible for the public to identify what the city is doing with a combination of HUD funding and city funding. We offer the following recommendations to make this document more useful to city residents:

- Integrate information from the May, 2020 CARES funding application into the Action Plan so that it makes sense as we seek to address the devastating economic and social consequences of the Covid 19 pandemic. Fully acknowledge the challenges DC faces economically, and the likelihood that there will be growing homelessness for those who already live on the margins.
- Integrate information from the 2021 Budget into the document.
- Include data on how the city has performed on goals set in the past five years.
- Establish clear, project specific goals for 2021: number and name of projects entering different phases, from planning to construction to completion/occupancy.
- For each project, show the mix of federal and local funds.
- Revise charts to track with the narrative so that comprehensive information about a project or program cannot be easily collected. The DC budget documents provide the same type of information in a much clearer and more comprehensive way.

II. It appears that DC is not fully using our allocation for any of the HUD programs, including CDBG. CDBG can be used for economic development, housing assistance, investment in public facilities and infrastructure, public service activities, day care and transportation. The city receives \$15M and increases that amount with revenues from previous CDBG investments.

*Why is DHCD not fully utilizing federal HUD funding? Why are programs that could be funded with HUD funds being funded with HPTF funds?*

There are opportunities to use the federal funds for activities, even day care services, that the District needs, freeing HPTF funds for more housing rehab and production. In FY19, CDBG funded five public hearings, the Housing Expo, updating Impediments to Fair Housing, training for staff and non-profits, technical support for subrecipients, developers, and other partners. It appears that \$13M FY21 CDBG funding will also be dedicated to public service activities. The plan sets a goal of rehabbing 100 homeowner properties and providing direct financial assistance to 225 homebuyers.

The way the information is sequenced in the plan results in confusion about how federal funds will be directed to local programs, the funding level for each project and the distribution of funds per beneficiary – and what proportion of funding is going to CBOs, for training and other activities. It's important to separate funding allocated for measurable accomplishments, such as units preserved, maintenance provided, infrastructure improved, and information sharing or counseling activities.

III. Funding for DOPA and PADD is unclear.

There is information in the plan about the use of DOPA and PADD to further the goals of the HUD funding even though it appears that federal funding is not being used for these programs. It would be more informative if DHCD would clearly show the level of local funding.

*Why would HUD funds not be used to supplement DOPA and PADD programs? What is the FY21 local funding level for these programs?* This information should be in the plan so the potential of these important programs is clear.

IV. Clear and transparent goals for the use of Sec. 108 loan funds – number of affordable new and rehabbed units of affordable housing – should be stated.

The plan mentions that \$4.2M from CDBG will be used to preserve existing affordable housing up to 80% MFI and that some portion of the Sec. 108 loan funds, if awarded to DC, would be used for this purpose. The FY21 plan should state how much of the more than \$77M Sec. 108 funds requested would be used for preservation of housing, including how many units would be rehabbed. The loan guarantee program provides low-interest loan guarantees for immediate financing for the development of large-scale housing and economic development projects. There is a statement in the plan that Sec. 108 funds could create 1,000 units of housing, but this is vague and does not seem to include rehab.

DHCD should also clarify if any of this funding would be used for acquisition of property, infrastructure improvements, or economic development. If so, the projects should be

described. In addition, DHCD should identify where it anticipates these large-scale housing and economic development projects will be located since it is expected that these loans would lead to quick turn-around projects.

V. More information is needed on the method of tracking expiring housing subsidies.

The plan mentions that tracking expiring subsidies will be part of preserving existing housing. The approach appears to do outreach and to employ undefined solutions to maintain affordability. The scope of the effort to preserve affordability should include where subsidies are expiring, how many subsidies are expiring, the number of units affected, and describe the tools available that will be implemented to preserve affordability.

VI. Greater specificity is needed regarding permissible uses for CDBG funds for small and local businesses.

Approximately \$2.8M of CDBG funding is proposed to foster small and local business development through grants to community based organizations (CBOs). About 30 people would benefit from public service activities and 35 businesses might benefit from façade improvements. Approximately \$18M of the Sec. 108 loan is projected to be used for small and local businesses. The plan also projects that up to 1,500 small businesses could benefit in some way from this additional funding.

*While façade improvements can improve the first impression of a small and local business, could this funding also be used to improve the interiors of businesses in low and moderate income neighborhoods? Could funding be used to hire employees or upgrade equipment? Could this funding be supplemented with local funds to assist more businesses, especially when so many small and local businesses are struggling due to the public health crisis? How much of the funding will go to CBOs rather than direct services?*

VII. The Action Plan is not clear on how many rehabbed units and how many new units of affordable housing will be produced with federal funds, nor the extent to which local funds will supplement any shortfall due to the distribution of federal funds.

The CAPER for FY18-19 distinguished between the number of households provided with affordable housing units (0) and the number of households supported through the production of new units (513) and rehab of existing units (532). The plan also does not indicate if this distinction is carried over into the FY21 plan. If there is a difference between households provided with units and households supported through production of new or rehabbed units, that distinction should be explained. It is mentioned in the CAPER without explanation.

VIII. The extent to which substandard housing in Wards 7 and 8 will benefit from HUD funding is not clear.

The plan states that there will be preference points awarded to projects in high opportunity areas and that in lower opportunity areas non-housing investments will be made. *Does this mean that substandard housing in Wards 7 and 8 will not likely benefit from HUD funding?* The plan further states that housing assistance will be through TOPA in these lower opportunity

areas. *Will any federal funds be allocated to TOPA and what is the FY21 funding level for TOPA? Will using TOPA result in low income residents partnering with developers and potentially losing affordable units to add market rate housing units? Direct assistance using HUD funds would not permit this result, so how will DHCD ensure that using TOPA will provide the same positive outcome for residents?*

*Is it reasonable to redirect federal funding away from low-income areas where funding housing maintenance is a challenge and where preserving homeownership is essential? Is TOPA adequate in scope and funding to address the housing needs in low opportunity areas since it is only used for multi-family buildings and Wards 7 and 8 have the most diverse housing types in the city?*

IX. Several programs and expenditures need additional information to be understood.

The *Small Multi-Family Rehabilitation Loan Program* is mentioned in the plan as a program to address blighted and substandard property issues. It is described as providing a range of loans from \$25,000 to \$250,000 for apartment buildings with 50 or fewer units and benefiting only 25 households with long-term affordability covenants. But there is no funding source mentioned or a program cost provided. The plan should correct both of these gaps.

*What is meant by “capacity building” and what are the measurable goals?* The term “capacity building” is amorphous and should be detailed so that the reader understands the specific activities that \$47,000 CDBG funding will buy.

X. The plan says that the DCHA is not a troubled agency, distorting the true picture of the DC public housing crisis.

DCHA is very troubled even if HUD does not classify the agency as such. In fact, DCHA has been complicit in massive disrepair of uninhabitable public housing projects throughout the city; in the controversial plan to “reposition” 2,400 units of public housing as mixed-income housing rather than replace or reconstruct them on a 1:1 basis to serve extremely low income people; in its inability to address the public housing waiting list of 40,000 people; and in the decision to sell the current headquarters site for less than market value.

The plan should be amended to address these serious problems rather than painting a rosy picture that most citizens will read with disbelief.

XI. Out-of-date information in the plan should be updated.

The appearance of out-of-date information in the plan undermines its credibility. For example, this paragraph appears to have been written in FY2017 and does not report what DC is doing this year FY20-21:

The District is currently engaged in an update to the previous Analysis of Impediments to Fair Housing Choice (AI) **which will be completed in FY2018 (DC FY 2019)**. This AI will utilize the “Assessment of Fair Housing” format developed by HUD in 2015. **In 2020, the District will begin** work on the regional AI with the Metropolitan Council of

Governments (MWCOG) and surrounding jurisdictions including Virginia and Maryland. The District will be the lead agency in this initiative as its Consolidated Plan is not due until August 2021. This proposed initiative includes counties, cities and Public Housing Authorities (PHAs). The last regional analysis of fair housing impediments was completed in 1995.

We hope that these changes will help to strengthen the 2021 Action Plan and make it an indispensable reference tool for the coming years.

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Cc:

Council Chair: Phil Mendelson

Council Members: Anita Bonds, Nadeau, Robert White, Silver, Tyrone White

CHNED: Scott Bruton, Stephen Glaudet

ANCs

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