

The Committee of 100

on the Federal City



Performance Oversight Hearings
Department of Housing and Community Development/RAD (February 13, 2023)
Rental Housing Commission (February 9)
DC Housing Authority (March 2)
before the DC Council Committee on Housing
Testimony of Andrea Rosen, Trustee, Committee of 100 on the Federal City

The Committee of 100 on the Federal City is concerned that the Administration’s competing policy interests have led to a reduction in the rent-stabilized housing inventory, which by statute is meant to be protected. This is an undesirable outcome for households whose earnings are too high to qualify for housing subsidies but too low to compete for market-rate apartments in the District of Columbia (see Purpose 1, below). The important role played by rent-stabilized housing was recognized by Chief Tenant Advocate Johanna Shreve in her November 2020 testimony before the Housing committee on B23-0873, the “Rent Stabilization Program Reform and Expansion Amendment Act of 2020.” She wrote, “What we should have learned by now is that no other affordable housing program can provide as much housing security for the vast majority of District residents who have moderate or lower incomes – those who may not need housing subsidies, but who simply cannot afford to stay in their homes without common sense rent regulation. . . . Making rent control permanent, I believe would help establish the program as the bedrock affordable housing tool that it already is, and would promote more comprehensive and more cohesive affordable housing strategies.”¹

Four of the five statutory purposes of the Rent Stabilization Program are being undermined by the District government’s extensive use² of above-market-rate subsidies to pay for rent-stabilized units.

§ 42–3501.02. Purposes.

In enacting this chapter, the Council of the District of Columbia supports the following statutory purposes:

- (1) To protect low- and moderate-income tenants from the erosion of their income from increased housing costs;

¹ Full testimony at: https://ota.dc.gov/sites/default/files/dc/sites/ota/publication/attachments/2020.11.16_B23-873_RC%20Omnibus_B23-972_Hardship_Reform_Testimony.OTA_FINAL_3.pdf

² A glimpse of the numbers of vouchers that may be employed to for rent-stabilized units is provided by a [Washington Post article](#) published in April 2019: “As of February [2019], tenants with city-issued housing vouchers had filled nearly half of the building’s [Sedgwick Gardens] roughly 140 units.” According to Harry Gural, president of the Van Ness South Tenants Association and member of a coalition of seven apartment buildings’ tenants’ associations, there are at least ten buildings along a two-mile stretch of Connecticut Avenue where vouchers are employed.

(2) To provide incentives for the construction of new rental units and the rehabilitation of vacant rental units in the District;

(4) To protect the existing supply of rental housing from conversion to other uses; and

(5) To prevent the erosion of moderately priced rental housing while providing housing providers and developers with a reasonable rate of return on their investments.

With 25 percent of units in public housing vacant due to the District government's failure to maintain and repair them, according to HUD, the Administration has turned to tenant vouchers to help fulfill its obligations to house DC residents earning 0-30% MFI. The purpose of tenant vouchers is to open the housing market citywide to this income group, which C100 supports, but without oversight we are concerned that one housing goal is eroding another.

The excessive reimbursements that accompany some vouchers incentivize landlords of rent-stabilized units to prefer voucher-holders over other renters. This erodes the supply of moderately priced rent-stabilized housing, which the government is statutorily obliged to prevent, per purpose (5). The unlimited use of high-value vouchers for rent-stabilized units effectively removes those units from the open rental market, which violates purpose (4), protecting the existing supply of rental housing from conversion to other uses. When the Rent Stabilization laws were passed in DC in the 1970s and 1980s, the intent was to constrain conversion of rental units to condominiums, but as DC Housing Authority Director Brenda Donald told the DCHA board in May 2021, "as a result of the increased or the inflated [voucher] rents ... there are a lot of what I'm calling de facto public housing buildings in the city that are creating a lot of other dynamics" (quoted in <https://www.washingtonpost.com/investigations/2023/02/15/dc-housing-authority-overpays-landlords/>).

The government is not considering the financial challenges of unsubsidized renters, especially seniors, whose means neither allow them to gain a government subsidy nor to rent a market-rate apartment. Low- and moderate-income residents cannot compete with a government that is paying "housing providers" as much as 187% of Fair Market rent (i.e., 187% of the rent charged for *unstabilized* units). HUD finds DCHA has committed many infractions in computing "rent reasonableness."

The District's administrative shifting of rent-stabilized units from the "affordable" column to the "dedicated-affordable" column does not produce a net gain in affordable housing available on the open market per purpose (2), but pits the interests of residents against one another.

And finally, the use of rent-stabilized units as income-restricted housing is clearly inconsistent with DC's Comprehensive Plan, as amended in 2021:

Policy H-2.1.7: Rent Control

Maintain rent control as a tool for moderating the affordability of rental properties and protecting long-term residents, especially older adults, low-income households, and those with disabilities. In considering refinements to the rent control program, the District should be careful to determine whether the proposed changes improve effectiveness, fairness, and affordability without discouraging maintenance and preservation of rental housing units. *Rent control should be primarily considered a tenant protection and anti-displacement tool, and therefore should not be utilized to define or assess progress toward income restricted affordable housing production and preservation goals.* 510.11 [Italics added.]

At a hearing on the omnibus rent control reform bill in November 2020, even as the COVID-19 pandemic refocused attention on preventing evictions, the great majority of more than 170 individuals and advocacy organizations who testified urged the Council to expand the number of buildings and units that have regulated rents, as a means to provide more affordable housing, and to adjust current regulations to ensure long term-affordability and a reasonable return on investment for landlords. The District's current approach of using the portfolio of rent-stabilized units to pay housing providers more than what they would collect under rent-stabilization goes in the opposite direction. This conversion of rent-stabilized units into means-tested, highly subsidized housing, recommended by the Federal City Council's policy arm, the D.C. Policy Center, meets the goals of the real estate industry, including large corporations and real estate investment trusts, but contravenes the purposes of the Rent Stabilization Act.

The Council might consider asking Auditor Kathy Patterson to determine ward by ward what types of buildings are providing housing for voucher tenants. Are tenants truly spread around the city and in new as well as older buildings? Are case workers steering tenants to the same buildings? Are rent-stabilized buildings housing voucher tenants to a greater degree than new buildings? With this information, the Council could and should review whether the goals of the rent-stabilization program are being counteracted by the tenant voucher practices.

We call on the Council and the Mayor to protect the rent-stabilized housing we are fortunate to have in DC to meet needs of moderate- and low-income residents; to quickly renovate dilapidated public housing to provide homes for the many people who need them; to moderate the use of vouchers in buildings of largely rent-stabilized units, in particular by bringing the value of vouchers in line with specific stabilized rents; and to employ vouchers as well for vacancies in market-rate buildings; and to invest in acquiring land to create purpose-built mixed-income housing with a significant component of affordable housing, where social services useful to individuals transitioning to independent living may be provided.