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**Testimony of Jenny Reed, Policy Director
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**At the Public Oversight Hearing on the
FY 2015 Budget for the DC Housing Authority
District of Columbia Committee on Economic Development
April 30, 2014**

Chairwoman Bowser and members of the committee, thank you for the opportunity to testify today. My name is Jenny Reed and I am the Policy Director at the DC Fiscal Policy Institute. DCFPI engages in research and public education on the fiscal and economic health of the District of Columbia, with a particular emphasis on how policies impact low- and moderate-income families.

I am here today to testify on the proposed FY 2015 local budget for the DC Housing Authority and to ask that the DC Council put a greater priority on funding for the tenant-based portion of the local rent supplement program (LRSP) which can quickly provide rental assistance to very-low income families in DC. I also want to express concerns about proposed language in the Budget Support Act that could limit LRSP's use as a tool for families whose only barrier to housing is being very low-income.

DC's recent harsh winter brought into sharp focus the crisis of family homelessness in DC and highlighted the consequences of a city where housing continues to grow rapidly out of reach. A new report released today by 20 community organizations, including DCFPI, called *Helping Families Home: A Roadmap for the District* calls for additional tenant based LRSP to help address family homelessness.

No one wants to repeat the crisis from last winter, when some families were placed in recreation centers — which the courts found could lead to irreparable harm to children — and only on nights when it was below 32 degrees. Yet without sufficient planning and funding, the likelihood is high that the crisis will be repeated next year.

The community's Helping Families Home roadmap lays out key goals and the steps needed to achieve them, some of which are already in progress by the District. The roadmap focuses on five key areas:

- Safe and adequate emergency shelter for families when they need it.
- A system that quickly connects families with the right services to limit their stay in shelter.
- A robust set of tools to meet the unique needs of each homeless family.
- Affordable housing for families.
- Improved data on performance, budgeting, and spending.

Additional tenant-based LRSP can help the District with two of these areas; a robust set of tools to meet the unique needs of each homeless family and affordable housing for families. More

specifically, we ask that the Council add \$4 million in additional tenant-based local rent supplement to the FY 2015 budget and designate a portion, \$1.73 million, of that LRSP for use by DHS for families, such as those who are struggling in Rapid Re-housing or no longer need the intensive services of Permanent Supportive Housing (PSH) but still need affordable housing. The remaining funds should be used to house families from the DCHA waitlist, which is typical practice, and that has a preference for homeless families.¹ The additional funding would help create roughly 266 additional rental subsidies with up to 115 being directed toward DHS.²

The proposed DC Housing Authority subsidy for FY 2015 includes \$4 million in additional funds for the Local Rent Supplement Program that will help create about 350 new affordable housing units. Yet, the majority of the additional funds for LRSP, \$3 million, will go toward expanding the project- and sponsor-based side of LSRP, which ties rental assistance to specific projects or non-profit organizations to provide housing to very low-income DC residents. The other \$1 million will go toward expanding the tenant based side of LRSP, but in FY 2015, the mayor proposes to direct these subsidies to seniors who are exiting nursing homes to live back in the community.

While increases in production are clearly needed, it can take several years before the housing is available. The mayor's budget does not include a sufficient increase to the tenant-based side of LRSP that can deploy assistance quickly to help meet some of the District's affordable housing needs. Increasing funds for tenant-based LRSP could help ensure DC begins to address some of its unmet affordable housing needs both now and in the future.

Another area of concern over LRSP funding in the mayor's proposed budget is language in the Budget Support Act (BSA) that would direct that all newly funded Local Rent Supplement vouchers to be filled with referrals from the Department of Human Services based on assessments. Currently, project- and sponsor-based LRSP slots — which are managed and owned by nonprofit providers — are largely filled by waiting lists that individual providers maintain. Tenant-based LRSP slots are provided to families on the DCHA waitlist for housing.

While the goal may be to ensure slots are filled with families and individuals who DC's leaders feel are in the highest need of housing, it is not clear how the agency would target these slots. For example, the Chief Financial Officer's Fiscal Impact Statement on the BSA notes that DHS plans to fill these slots with chronically homeless individuals and families. Yet, it is generally agreed that the best program for chronically homeless residents is Permanent Supportive Housing which comes with funding for both housing and intensive case management services to address the significant barriers these residents face. LRSP does not include any service funding.

Moreover, if all tenant-based LRSP units are targeted to chronically homeless residents, the District would not have a tool to quickly address the needs of residents who need affordable housing and whose only barrier is being very low-income. Given the District's very high housing costs, tens of thousands of DC households need assistance to address housing burdens but may not need other social services; LRSP is the best tool to help these households.

Thank you for the opportunity to testify and I am happy to answer any questions.

¹ The homeless families' preference includes those families who may be doubled up with friends or relatives.

² This assumes an average cost of \$15,000 per rental assistance subsidy.