

**Testimony of Claire Zippel, Policy Analyst
At the Budget Oversight Hearing on the DC Housing Authority
DC Council Committee on Housing and Neighborhood Revitalization
April 20, 2018**

Chairperson Bonds and members of the Committee, thank you for the opportunity to speak today. My name is Claire Zippel and I am the housing policy analyst and research coordinator at the DC Fiscal Policy Institute. DCFPI promotes opportunity and widespread prosperity for all residents of the District of Columbia through independent research and thoughtful policy solutions.

I would like to focus my testimony today on the Local Rent Supplement Program (LRSP).

Project-Based LRSP for New Communities Initiative

The proposed fiscal year (FY) 2019 budget includes \$1.9 million to provide project-based LRSP subsidies for public housing redeveloped through the New Communities Initiative, a partnership between the Deputy Mayor for Planning and Economic Development (DMPED) and the DC Housing Authority (DCHA). DCFPI is glad to see this new investment, which will support DC's efforts to improve the quality of the city's distressed public housing stock.

Last year, it emerged that the New Communities Initiative intends to use project-based vouchers, rather than public housing operating subsidies, for its redeveloped properties. Project-based vouchers offer several advantages over public housing operating subsidies, which provide lower monthly subsidies and cannot leverage private financing sources as effectively as vouchers.¹ DMPED requested that DCHA pledge federal vouchers for New Communities properties, and the DCHA Board of Commissioners approved the request last month.²

While it is important for New Communities to have the resources it needs to move forward, every federal voucher used for New Communities is one that will not be available for one of the 40,000 households³ currently on the DCHA waiting list for federal vouchers. In recent years, federal funding for housing vouchers has barely even kept pace with rising costs,⁴ and nearly all "new" federal vouchers come from turnover within the program.

The District should not take resources away from one important housing purpose for another, but instead, should bring new resources to the table. DCFPI is pleased to see that in FY 2019, the District will be contributing \$1.9 million for *new* vouchers for New Communities properties. We encourage the Committee to closely monitor this issue, and ensure that in FY 2019 and beyond, the District adequately funds project-based vouchers for New Communities and minimizes the diversion of federal vouchers.

Project-Based LRSP for Affordable Housing Development

DCFPI is concerned about the lack of project-based LRSP for Housing Production Trust Fund projects in the proposed FY 2019 budget. It is unclear whether the Trust Fund will be able to meet its statutory requirement to serve extremely low-income residents—who face the most severe housing challenges—

without additional project-based LRSP for that purpose. DCFPI's testimony last week at the budget oversight hearing for the Department of Housing and Community Development explains this concern in depth.

Tenant-Based LRSP for the DCHA Waiting List

Finally, we urge the Committee to ensure that the FY 2019 budget includes new funds for tenant-based LRSP for households on the DC Housing Authority waiting list. LRSP is the one DC housing tool guaranteed to create housing affordable to extremely low-income residents (those with incomes below \$33,000 for a family of four). In 2016, about 27,000 extremely low-income households paid half or more of their income for housing. For these residents, one lost paycheck or unexpected expense can spell homelessness. The District should aim to put a substantial dent in this number each year by providing new tenant-based LRSP vouchers, in addition to project-based LRSP subsidies.

Stepping up the District's investments in LRSP in FY 2019 is especially important because the District's recent affordable housing efforts have largely left extremely low-income residents behind. While extremely low-income households represent three-fourths of those in need of affordable rental housing in DC, less than half of recent DC-subsidized rental units have been affordable to this group.⁵ Nearly all of those units were created through LRSP.

We encourage the Committee and DC Council to ensure that the District addresses the housing needs of its extremely low-income residents more assertively in FY 2019.

Thank you, and I would be glad to answer any questions.

¹ Klein Hornig LLP presentation, [HAND Training: Introduction to Public Housing and Public Housing Redevelopment](#), May 2017.

² DMPED presentation to DCHA Board of Commissioners, [Using Project-Based Vouchers on NCI Developments](#), Jun. 2017. DCHA Board of Commissioners, [Resolution 17-32](#), adopted 14 Mar. 2018.

³ DCHA performance oversight pre-hearing responses, Feb. 2018.

⁴ Center on Budget and Policy Priorities, "[Budget Caps, Not Rent Aid, Forcing HUD Budget Cuts](#)," Oct. 2017.

⁵ DCFPI, [Building the Foundation: A Blueprint for Creating Affordable Housing for DC's Lowest-Income Residents](#), Mar. 2018.