



Independent Research. Poverty Solutions. Better DC Government.

**Testimony of Kamolika Das, Policy Analyst
At the Budget Oversight Hearing on the DC Housing Authority
DC Council Committee on Housing and Neighborhood Revitalization
April 11, 2019**

Chairperson Bonds and members of the Committee, thank you for the opportunity to speak today. My name is Kamolika Das and I am a housing policy analyst 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 two topics: the importance of funding public housing rehabilitation and assistance for tenant-based vouchers.

The District Cannot Wait for Evaluation Results to Fund Public Housing Repairs

Public housing is a key source of stable, affordable housing for over 7,300 of the District's extremely low-income families. Over half of all heads of households in DC's public housing are seniors or residents with disabilities and nearly 90 percent of households have incomes below 30 percent of the area median income (AMI). Their average income is 15 percent of the area median income or just over \$16,000 a year for a family of four. As rents rise throughout the District, public housing remains one of the few truly affordable and secure options for households in deep poverty.

As you are well-aware, shortfalls in federal funding have limited the DC Housing Authority's ability to maintain and repair public housing properties and at least \$340 million is needed for immediate health and safety repairs. As a data-driven research institution, DCFPI applauds the Mayor's decision to fund an evaluation of DCHA's governance and financing models to better target resources; however, the District should not wait until the end of the study to begin funding repairs. Depending on when the report is completed, the District may not be able to act on its results until FY 2022 or later. The District should invest now in urgent repairs while taking steps to develop sound long-term plans. The *Washington City Paper* has reported extensively about the pressing physical and environmental conditions at many DCHA properties including vermin, dust, lead-based paint, and mold – conditions associated with asthma, fatigue, elevated blood lead levels, and other serious health conditions. The Bowser administration projects that unspent funds from the Local Rent Supplement Program (LRSP) deposited into the public housing repair fund will result in just \$15 to \$20 million *at the end of fiscal year 2020*. One does not need to wait until the conclusion of DMPED's evaluation to determine that \$20 million is wholly insufficient.

The District Can Fund Repairs by Better Prioritizing Spending

At the same time, the District continues to spend money on programs that either fail to target its most vulnerable population or worse, cost the city millions in lost revenue without contributing to any economic growth. For example, the District offers substantial tax subsidies through economic development incentive programs that fail to change business behavior and result in millions of foregone revenue.¹ Some of these programs, such as the Qualified High Technology Company (QHTC) incentive, have no measurable targets or effectiveness evaluations. The District should consider scaling back its ineffective tax incentive programs, dipping into its rainy day reserves, or finding another form of revenue to help fund immediate repairs.

DCHA's "Repositioning" Plan Puts Current Public Housing Residents at Risk

The DC Housing Authority has put forward an abstract "repositioning" plan to "unlock private investments" for renovating its units. While the details are still vague, the plan includes substituting the public housing program with private subsidized development and voucher-based subsidies, which will very likely result in lost housing for many current residents. The repositioning process could create new barriers and screening criteria that make it difficult for residents to return to their redeveloped homes. For example, the federal Rental Assistance Demonstration Program (RAD), a similar repositioning tool used in other jurisdictions, failed to protect current residents in critical ways, including:

- not providing one-for-one replacement of public housing units eliminated;
- unlawful rescreening of residents' income, credit history and criminal history; and
- transfers to temporary housing that placed residents far from their communities.

The other alternative DCHA has mentioned, providing former public housing residents with Housing Choice Vouchers, shifts the onus of finding affordable housing on the private market to families. Unfortunately, many households, especially those with larger families, are unable to find affordable housing before the vouchers expire. This reflects stiff competition in DC's housing market, a limited number of large apartments for families, and widespread illegal discrimination against households trying to use a voucher. Substituting public housing with vouchers would exacerbate this issue by flooding the market with new vouchers at a time when the supply of affordable housing is already low and families already face major obstacles in using their vouchers. The District should try to get ahead of this issue by adding more project-based LRSP to build additional affordable units to handle the expected influx of voucher-holders seeking housing on the private market.

The Proposed Budget Provides No New Assistance for Residents on the DCHA Waiting List

Secondly, the Mayor has proposed no new funding for tenant-based vouchers to assist individuals and families who currently are on the DC Housing Authority waiting list. As of last year, there were approximately 40,000 families on the tenant-based vouchers waiting list. Most tenant-based voucher holders in the region earn less than 30 percent AMI or about \$35,000 for a family of four. While some households in this income category are on fixed incomes, many working in occupations such as cashiers, home health aides, and food servers also make under 30 percent AMI. Nearly 70 percent of households making under 30 percent AMI spend at least half their incomes on housing and utilities. Tenant-based LRSP should be expanded to meet the urgent needs of a rising number of extremely low-income DC residents.

Recommendations

Investing in public housing repairs now would help minimize disruptions to current public housing residents. The District must work to preserve this critical part of the city's low-cost housing stock. It's clear that the DCHA has had to do more with less and this issue has compounded over the years. Even if chronic federal underfunding is the root cause of the deteriorated conditions, the question remains – is the District government, along with the Housing Authority, obligated to ensure the District's most disadvantaged residents can stay in their homes without risking their health?

The DC Fiscal Policy Institutes believes that loss of public housing would create serious instability for thousands of extremely low-income DC households, with ripple effects on their health and well-being, their ability to maintain employment, and their children's success in school.

I'd like to end with a few concrete recommendations:

- 1) We urge the Committee to ensure that the FY 2020 budget includes new funds for tenant-based LRSP for households on the DC Housing Authority waiting list. The lack of new tenant-based vouchers means that the bulk of the 27,000 extremely-low income households spending at least half their income on housing will continue to face severe affordable housing challenges.
- 2) We urge the Committee to fund immediate public housing repairs in parallel with the study of DC Housing Authority governance and financing models.
- 3) In order to free up funding for the second recommendation, we recommend rethinking DC's current spending choices and finding equitable ways to raise revenue.

Thank you, and I'm happy to answer any questions.

¹ Amy Lieber, "Revenue Revealed: It's Time to Amend DC's Tax Expenditure Programs," DC Fiscal Policy Institute, March 26, 2019, www.dcfpi.org/all/revenue-revealed-its-time-to-amend-dcs-tax-expenditure-programs/