

Saving DC's Rental Housing Market Strike Force

Friday, February 12th, 2021 | 3:00 pm to 5:00 pm

Draft Summary Notes

Strike Force Members Present: Alex Baca, Josh Berstein, Buwa Binitie, Tom Borger, Councilmember Anita Bonds, Ralph Boyd, Christopher Donald, Polly Donaldson, Judge Todd Edelman, Tyrone Garrett, Kristy Greenwalt, Steve Glaude, Michele Hagans, Dean Hunter, AJ Jackson, Ramon Jackson, Aurélie Mathieu, Randi Marshall, Sarosh Olpadwala, Kay Pierson, Councilmember Brooke Pinto, Eva Rosen,, Marian Siegel, Councilmember Elissa Silverman, Yesim Taylor, Andrew Trueblood, Monica Warren Jones, Tonia Wellons

Strike Force Members Absent: Johanna Shreve, Laura Zeilinger

Strike Force Members' Associated Staff Attendees: Jennifer Berger, Maya Brennan, Scott Bruton, Joel Cohn, , Liz DeBarros, Vivian Guerra, Gabrielle Johnson, Irene Kang, Richard Livingstone, Danilo Pelletiere, Ram Uppuluri, Barry Weise, Tim Wilson, Chris White

Consultant Attendees: Josh Babb, Mencer "Don" Edwards, Kayla Elson, Laura Gramling, Gabrielle Jackson

Members of the Public: Gregory Allen, Sandy Allen, Carissa Aranda, Anita Ballantyne, Gordon Chaffin, BA Cockburn, Adam Cooper, Rogelio Flores, Rachael Gass, Jenny Gathright, Ben Gutman, Elinor Hart, Jenny Heflin, Jamie, Janene Jackson, Dia King, Kesh Ladduwahetty, Lark, Coy McKinney, Pam McKinnet, Amanda Michelle, Sheila Miller, Rachel Pierre, Emily Price, Rachel Rintelmann, Arthur Rodgers, Becca Steinberg, Trayci, Joey Trimboli, Yini Varo

Next Meeting Date: Friday, February 19th from 3:00pm-5:00pm

Call to Order

Don Edwards, Justice and Sustainability Associates (JSA), called the meeting to order at 3:00pm and reviewed the agenda.

Welcome

Director Polly Donaldson (Chairperson) introduced Judge Todd Edelman, D.C. Superior Court, a recently confirmed member of the Strike Force. Judge Edelman expressed the court's interest in solving issues related to the rental housing market, even prior to the present health crisis. Director Donaldson encouraged members to consult the shared resources folder within the member G-Drive repository.

Open Meeting Process Review

Laura Gramling, JSA, recognized the ground rules of the Strike Force and reviewed several public meeting regulations, including advanced notice of scheduled meetings and the availability of meeting summaries. She noted that the meeting is being recorded for public record. Public observers will also have the opportunity to comment via chat at the end of every meeting. All comments will be documented as part of the public record.

February 5th Meeting Summary

Members adopted by acclamation the February 5th meeting summary. Meeting summaries will be part of the public record.

DC Rental Housing, Affordability, and Rent Control

Yesim Taylor, Executive Director of DC Policy Center, presented how components of rental housing contribute to affordability and inclusion in the District by examining the landscape of rental housing in the city. Taylor highlighted how the absence of construction activity between 1970 and 2004 is one of the reasons for the city's present affordability challenges. She reported that D.C.'s rental housing market has pressures from the top and bottom and rent burdens are high where incomes are low. Presentation data was based on the DC Policy Center's April 2020 report, "Appraising the District's rentals--Landscape of Rental Housing."

The District's Affordable Housing Programs and Budget

Polly Donaldson, Director of the Department of Housing and Community Development (DHCD) and Chairperson of the Strike Force, presented an overview of the variety of current affordable housing programs and funding sources in the District, which include the Housing Production Trust Fund and the Housing Preservation Fund. The presentation also showed a continuum of affordable housing programs, classified by AMI band.

Housing Preservation Fund and Small Buildings

Ramon Jacobson, Executive Director of LISC-DC, provided the fund manager perspective of affordable housing financing. LISC (along with other peer Community Development Finance Institutions) receive DHCD grants and blend funds with private capital. In a simple fund, banks will typically cover 70% of an acquisition and LISC will use public grants (i.e. the Preservation Fund) to fill the gaps in financing. Fund recipients (i.e. non-profits or cooperatives) typically do not have access to the equity that a private developer would have. LISC has managed the preservation fund for 4 years, with \$14 million coming from DHCD and \$39 million distributed to create 530 units. LISC currently has 422 units in its project pipeline. Jacobson noted that the Preservation Fund is not a deep permanent subsidy, like the Trust Fund. He encouraged the group to think about investing a billion dollars in affordable housing over the next four years.

Working Groups

Director Polly Donaldson introduced the three working groups, created based on the priority areas identified by Strike Force members and the charge within the Mayor's Order. The groups include "Transition from Emergency: Reshaping Tenant Relationships"; "21st Century Rental Housing Reform: Rent Stabilization/Rent Control"; "Longer Term Rental Housing Market Recovery/Growth." Members can discuss their group assignment with Director Donaldson.

Working groups will meet separately from the large group Strike Force meetings, but will present their draft recommendations to the large group within 2-2.5 weeks in order to gain consensus. JSA will work to schedule the initial meeting the week of February 15th.

Discussion (Q&A)

(Q=Question, A=Answer, C=Comment)

Discussion related to DC Rental Housing, Affordability, and Rent Control

- **C:** What is the scope of the Strike Force in regards to rent control reform and/or recommendations? Additionally, I'm concerned about the potential for equitable debate given the absence of legal advocates and tenant representatives on the Strike Force.
 - **A:** Addressing rent control is mentioned in the mayor's order and working groups will delve further into specific recommendations.
 - **C:** There are enough legal and tenant voices here.
- **Q:** Do we have data on the incomes of people in rent controlled units?
 - **A:** There is data on rental incomes, but it is not available to the DC Policy Center. For this study, D.C. Policy Center looked at census tract level incomes and compared them to actual rents.
- **Q:** How did the D.C. Policy Center collect the reported data?
 - **A:** The appendix within the "Appraising the District's rentals--Landscape of Rental Housing" report details how data was collected. Ninety percent of the data used was publicly available.
- **Q:** How did the District maintain the number of households while losing population? Are high earners displacing low-moderate income tenants by taking up more affordable units?
 - **A:** It's possible to keep households but lose population by exchanging larger households for smaller households--D.C. may lose 10 families, but add 12 single-person units. In regards to displacement, the District's income distribution makes competition difficult for lower-income, larger families. The market experiences more pressure from high-income, smaller households (1-2 people) pursuing family sized units, as the District has 3 times more family-sized units than it does actual families.
- **Q:** Is Airbnb inflating or deflating the supply of non-apartment building rental units?
 - **A:** A 2018 study on Airbnb's footprint in D.C. showed that these units comprised about 2% of rental housing in the District.
- **Q:** Does D.C. Policy Center have the rental property categories broken down by age, race, ethnicity, or income of the tenants? If not, how do we ensure that the Strike Force recommendations will be informed by a racial equity lens. What is the source of data regarding the District's house-burdened population?
 - **A:** A portion of the April 2020 report looks at the displacement effect and our analysis considered race and income, which is detailed in the report. Our analysis does not contradict the fact that there are house burdened individuals in every ward. We generally use a singular definition for cost-burdened housing, but it has a different definition depending on the context.
 - **C:** It's important to maintain a racial equity lens in this Strike Force, as there is a tremendous gap between households earnings among White, Black, and Latinx households in the District.
- **Q:** How do we overlay geography w/income to look at distress?

- **C:** I'm concerned that what was to be a way to set the stage for us to understand the rental housing market as a whole is really focused on one view of the impact of Rent Control. It seems to be a very one sided view of the rental housing market. Not helpful as it is starting with certain preconceptions that we do not all agree with. Hope we can get a presentation of some more broad studies on the actual market, including Urban Institute and others that have significant studies.

Discussion related to the District's Affordable Housing Programs and Budget

- **Q:** What is the average subsidy per unit since the inception of the housing production trust fund? And given the pressures shared in the upper tier - middle income earners (60-80% AMI), what programs and assistance are available to keep those families in the District?
 - **A:** DHCD can get some of the historic data on average subsidies and share the trends. There have been some efforts to work with moderate income earners, oftentimes classified as workforce housing, as well as some private initiatives. But the priority of the trust fund has been targeting 50% AMI and below to rebalance the portfolio and strive to achieve the statutory requirements.
 - **C:** I am also very interested in the average subsidy especially comparing different AMI categories.
 - **A:** As one data point, the average annual subsidy for Interagency Council on Homelessness households coming out of the homeless services system is \$18k (single adults) and \$21k (families). I'm not sure how that compares to 0-30% AMI households overall, but certainly average annual subsidies will be lower at higher income levels.
- **Q:** Given that NOAH units are lost at a greater rate than new units being developed, has DHCD considered ways to better bifurcate the RFP for new units versus preservation units?
 - **A:** DHCD views these units separately. The use of the preservation fund and the ability to have the up-front acquisition changes some incoming proposals as well as creates opportunities for additional support beyond what the Housing Production Trust Fund can do. DHCD looks at the projects across the board and tries to keep the portfolio balanced. In fiscal year 2020, the preservation fund had \$54 million compared to the production fund's \$46 million.
- **C:** A big takeaway from the City expenditures in 2020 is the leverage the District gets for preservation over new construction. Based on the numbers in the presentation, we get 2.4 times more rental units for the same dollars on preservation projects vs new development. Using the city's DOPA can create additional opportunities.
 - **A:** The preservation policy and strategy of using public capital to leverage private capital is a great program model, considering that new construction is more expensive. The preservation of existing units is an important priority and is a testament to the work of the 2015 DC Housing Preservation Strike Force.
- **Q:** How many 30% AMI units has the District created or expanded through the existing policy and funding tools? It appears that two tools have to be used to produce one unit.

- **A:** Note that the Trust Fund coupled with the Local Rent Supplement Program (LRSP) make creating 0-30% AMI units possible. There is never one funding source for any development project. Additionally, the Faircloth Amendment currently bans cities and states from expanding public housing, though there is national advocacy to overturn it.
 - **C:** The subsidy isn't enough to produce units on its own so it's important to consider how it's coupled.
- **Q:** Has DHCD looked internally at resources that may be caught up in old receivables, assets, or loans that could provide additional resources for the Housing Production Trust Fund?
 - **A:** The loans are 40 year loans and are dependent on cash flow. We have an asset management team that monitors the loan repayment and refinancing. The most recent activity at the highest dollar level was between 2013 and 2015 and these loans are still in their early stages. The best avenue has been the change in the 4% LITECH and looking at additional federal sources (i.e. Section 108 and the forthcoming stimulus bill).
- **C:** Prior to the pandemic it was broadly concluded that the District would need to double investments in affordable housing in order to meet the Mayor's goals. I hope we try to reestablish our aspirational investment pursuits with the arrival of additional federal resources.
 - **A:** Finding consensus on that point should not be a challenge, but having the appropriate data to provide a foundation for the reasoning will be critical.

Discussion related to the Housing Preservation Fund and Small Buildings

- **Q:** What is the average public subsidy LISC needs to keep the rents at the \$700-\$1000 range (30-50% AMI)? That formula will allow us to push for the types of resources we need. Is the city willing to pay more based on location?
 - **A:** LISC can look into this. Every transaction is going to have a different set of parameters on pricing.
- **C:** I understand that the Strike Force is looking at all renters and all rental housing, but there are needs specific to 0-30% AMI renters (better digital infrastructure for accessing rent relief, deeply subsidized housing) that differ from 30-50%, and 50-100/120%. Some of those tenants are helped much more by preservation than production.

General Discussion

- **C:** All presentations highlight the fact that we need to think about how we're going to renovate our existing properties to improve quality of life and keep rents affordable. We can use the tools we already have, but it will require networking, cooperation, and collaboration across the private and public sector.
- **C:** There is a big variety of needs in income bands among tenants so it would help to be more discerning in our description of tenants. As a group, the Strike Force has not unified around a specific definition of affordability, which will be essential as we split into working groups. For example, rent control is not considered an affordable housing policy. I don't find means-testing rent control as an acceptable way forward.
 - **C:** I appreciate this perspective, especially when we consider racial equity; we need a better working definition for "affordability"

- **C:** Preservation with committed affordability in amenity rich neighborhoods seems the most cost effective way to serve the lowest income families as well as workforce housing in high-opportunity neighborhoods and the fastest way to meet the District's goals.
- **C:** Concerned about the composition of the “21st Century Rental Housing Reform” working group and the lack of legal advocates and tenant representatives.
- **C:** Concerning the \$200 million ERA, if the District uses private, non CBO vendors can DHCD and DHS meet with existing entities that administer rental assistance to be informed about what they have learned particularly during the pandemic about rental assistance deployment?
- **Q:** Can members attend other working group meetings?
 - **A:** Yes, members can sit in, but assigned working group members will be responsible for deliberating. Working group meetings may run concurrently.

Public Comment

Don Edwards, JSA, initiated the public comment period and verbally shared the written comments provided by public viewers. Strike Force members were invited to respond to the public comments. See Attachment A for a record of the public comments.

Closing Comments

Kayla Elson, JSA, detailed post-meeting materials. Strike Force members can expect to receive a request for working group meeting availability early next week. Members are encouraged to consult the online repository for presentations, meeting summaries and additional shared resources. Public attendees have access to the agenda 48 hours prior to public meetings as well as powerpoint presentations following the meeting. Meeting summaries are available upon request.

Director Polly Donaldson thanked Yesim Taylor, Ramon Jacobson, and the DHCD team for their respective presentations. She expressed optimism regarding the present opportunities and affirmed that the Strike Force will strive to maintain a sound and fair process that keeps shared goals at the forefront.

Attachment A: Public Comments

- **Q:** Are the working group meetings subject to the Open Meetings Act? Will they be listed on the Strike Force website?
 - **A:** No. There is no decision-making in working group meetings. Their meeting deliberations will come back to the public Strike Force meetings.
- **Q:** Will the task force look to expand ERAP and Housing Choice Vouchers?
 - **A:** The District is receiving \$200 million in federal Emergency Rental Assistance (ERA) and in the process of ensuring that funds are accessible and are best allocated to help tenants in arrears and with other needs.
- **Q:** Where are tenant voices in this task force?
 - **A:** We currently have a range of tenant advocates from the judiciary, government agencies (i.e. Office of the Tenant Advocate), CBOs and nonprofits. We are working to identify additional Tenant Association leadership representatives. We will continue to receive public input from any and all who want to participate in the public meeting.
- **C:** Justice needs to be the central focus of this task force. To be clear, that means centering those who have been historically underserved in the housing market. This cannot be achieved through filtering, a.k.a, trickle-down housing. The best way forward is through shared equity models, such as community land trusts and limited equity cooperatives. A 2018 study by Grounded Solutions looked at 4,000 units, in 20 states, over 30 years and found that 99% of the shared equity units avoided foreclosure. Shared equity units are well-tested tools for creating permanently affordable home-ownership opportunities. Will the task force prioritize shared equity models?
 - **C:** Agreed, we need Singapore style Housing.
- **Q:** Do you have any numbers about ADA accessible housing? How many neighbors are identifying as members of the disability community in rental housing? I ask because there are income caps with SSD and Medicaid. This means that our disabled neighbors are more likely to need rental assistance.
- **C:** I would also see data on workforce housing and wondering if there are plans to invest on increasing the pool as well.
- **Q:** Since the COVID-19 outbreak, many Black and Brown Washingtonians in Ward 6 have been unable to pay rent and are facing eviction or huge amounts of debt when the moratorium is lifted. Programs like ERAP and CHAP at best cover 10% of at-risk Washingtonians. DC Cancel Rent Coalition has written a bill that makes cancelling rent constitutional by creating a fund to reimburse landlords for any lost payments. Would Councilwomen Bonds, Silverman, and Pinto be willing to meet with us to discuss this bill?
- **Q:** Given the importance of rent control as a tool of affordability, does the Strike Force plan to recommend strengthening, expanding and updating rent control per the recommendation of the Reclaim Rent Control coalition?
- **Q:** Can canceling rent, mortgages and debt be considered?
- **Q:** What reports and data are available from the DC Policy Center and others that break down rental property types and categories by race and ethnicity of owners and tenants by Ward?

- **Q:** Which local agencies have data needed to answer the above questions of racial equity that intersect with the work of the strike force and subgroups? Do these agencies need legislative authorization to promptly share this critical racial equity data with trusted researchers that will protect personally identifiable information (PII)?
- **Q:** What public reports or data are available showing annual losses and preservation of Naturally Occurring Affordable Housing by Ward and AMI level? How far back does this data go?
- **Q:** What outreach is being done to the disability community?
- **Q:** Why are there so many landlord and developer representatives on this 'strike force' and very little representation from tenants and tenant legal representatives?
- **Q:** Is part of the Strike Force's purpose to adjust programs like HPAP and Open Doors which are currently not very helpful for medium income prospective homeowners in DC where the median home price is 1.1 million. Is there something that can be done for long time renters who want to own in DC, but have been unable to build equity since landlords have squeezed them for every penny? Have you considered taxing landlords and creating a fund to help long time renters build equity while renting? Are there any legal representatives of tenants on this strike force? As you know, many cities have a right to counsel for tenants facing eviction, but DC does not offer this. Who is advocating for the legal rights of tenants on this strike force?
- **Q:** If 95% of evictions are for non-payment of rent (many of whom are unemployed or underemployed), why isn't a rental subsidy automatically sent to unemployed claimants (who rent) as part of their weekly UI payment? It would seem this would alleviate a lot of pressure on tenants who are unemployed.
- **C:** Thanks for making it clear that rent control is an important tool of housing affordability. The Council missed an opportunity to strengthen & expand rent control last year when they simply reauthorized the old law. I'm glad to see the rent control working group is taking this issue up again. I also hope that the Emergency working group will connect the more urgent eviction crisis to the need for expanding rent control.
- **C:** Given the racial gaps in Median Family Income, affordability should be weighted towards the MFI of Black and Hispanic households. Otherwise, our affordable housing production does not meaningfully promote racial equity or help those families who most need help. And if we're forced to use AMI as the measure, then change the % of AMI to better reflect Black & Hispanic median income.
- **C:** Racial equity looked like canceling debt that poor black and brown residents couldn't possibly repay. Ending violence and the achievement gap means providing stable safe guarantee housing. It is classist to expect poor people to continue to pay rent while collecting rent during a pandemic. Cancel rent completely. Landlords and the government are not helping tenants and poor people.
- **Q:** Can the Strike Force have city-wide input meetings before members move to finalize recommendations?
- **Q:** When will the ERA funds be available to tenants in DC? Will you commit to making sure that the city has fully funded tenants prior to allowing any eviction to be filed?
- **Q:** Will all data be made available to the public?