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) commended members for their effort and engagement in their respective working groups. She thanked the meeting’s presenters and affirmed that she looked forward to the meeting.

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 19th Meeting Summary
Members adopted by acclamation the February 19th meeting summary. Meeting summaries will be part of the public record.
**Overview of TOPA and DOPA**

Ana Van Balen, Affordable Housing Preservation Officer, DC Department of Housing and Community Development (DHCD), provided program overviews of the Tenant Opportunity to Purchase Act (TOPA) and the District Opportunity to Purchase Act (DOPA). Balen explained the property, developer, and affordability criteria for DOPA, as well as how the timelines for TOPA and DOPA relate.

**Housing Stabilization Grant Program**

Christopher Donald, Interim Executive Director, DC Housing Finance Agency (DCHFA), presented the scope of the Housing Stabilization Grant Program, administered by the agency and DHCD in December 2020. Director Donald provided data on the received applications, with a focus on eligible delinquency. The data highlighted that delinquency is widespread both geographically and in magnitude across affordable housing projects in D.C. He also noted that assistance was distributed quickly because the program worked directly with housing providers, which has implications for whether assistance programs are resident-driven or provider-driven.

**Commercial Conversion to Residential**

Andrew Trueblood, Director, DC Office of Planning (OP), presented key factors for commercial (i.e. offices or hotels) to residential conversions in the District. Director Trueblood noted that the District has location specific opportunities for office and hotel conversions, particularly in Ward 3. Most planned commercial to residential conversions are in Rock Creek West. He also listed various tools to maximize opportunities for affordable housing when conversions occur, including expanded inclusionary zoning (IZ Plus) and tax abatements to encourage affordable housing production in amenity-rich areas.

**Meeting Schedule Update**

Laura Gramling, JSA, explained that the Friday, March 5th Strike Force meeting is canceled due to a conflict with an oversight hearing. Working groups will still convene and use their final meeting to confirm draft recommendations to the Strike Force. Draft recommendations will be consolidated into one document and disseminated to members via email on Friday, March 5th. Members are expected to provide comments on the draft recommendations by Monday, March 8th. The last two large group meetings will be dedicated to further deliberation and affirmation of the draft recommendations.

**Discussion (Q&A)**

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

Discussion related to TOPA/DOPA

- **Q**: What are the barriers keeping DOPA from working in a more effective way?
  - **A**: Part of the DOPA statute (put in place over 10 years ago) states that the property or the units themselves need to be capped at 30%, 60%, 80% of AMI. That restrictive affordability plan makes it harder for developers on the backend to make the finances work. Based on the feedback DHCD received from our pre-qualified developers, we've been trying to see how we can expand the affordability plan to make it financially feasible to move forward.
C: How do we modify the DOPA statute to better serve its original intent of the District buying and saving buildings? We ought to explore who these “pre-qualified developers” are and how we can better utilize them in our efforts.

   A: There is great interest in having DOPA really work. DHCD has a list of pre-qualified developers partly to balance some of the older language on income restrictions and to make some of the projects economically feasible for developers. See full list of pre-qualified developers here.

C: TOPA and DOPA are extremely complex processes. The District should streamline the process by adding covenants to properties and facilitating the purchase of properties by a pre-qualified list of providers who are willing to meet whatever affordability criteria the District puts in front of them. Right now, the TOPA timetables are tolling altogether so sales are not occurring in DC.

   Q: Can you elaborate on the proposal of legislatively requiring affordability covenants run with the land, even in the event that the District does not own the land?

   A: The proposal circumvents the District having to take title or get involved or go through that process, by stipulating that the purchaser will agree to protect existing residents and a deeded covenant with restrictions on rent, in exchange for an exemption from TOPA.

C: Montgomery County and Prince George's County have a Right of First Refusal (ROFR) process, which is different in that the county goes first, not the tenants, and it takes a maximum of 180 days on a maximum of 420 days. See memo from Montgomery County Council on their ROFR process and results here.

Q: What part of legislation is DHCD looking to change? What happens to tenants who may be displaced by a new owner that raises the AMI level?

   A: Protections for current residents are embedded in the DOPA program, and DHCD would look to keep that in the legislation. DHCD is still discussing the specific parts of legislation to change, but this group’s additional thoughts and ideas on the program can help us better formulate specific changes. See the DOPA Amendment Act here.

Q: The level of subsidies needed to support the preservation of smaller properties can be quite large. Under TOPA, tenants sometimes have the opportunity to make an agreement with a developer that looks out for their interest--will there be additional resources under DOPA to do the same?

Q: How many developers have been pre-qualified? Has that number changed over the years?

   A: DHCD pre-approved 40 developers once, two years ago. It was a diverse group of developers, nonprofit and for-profit (including SBEs). Their interests ranged from small and mid-size buildings to very large buildings. See full list here. Once TOPA tolling ends, DHCD would consider re-opening the pool and qualifying developers in the process.

Q: In addition to the restrictions on purchasing, what are the hurdles with DOPA and what is the ultimate value of DOPA to the District? I am partial to the district owning more property partially because of the production of the 30% requirement of affordable housing for the public land disposition. District-owned land also helps with some of the financing questions down the line.

Q: Will adjusting the statute risk keeping 30% or 50% of AMI units affordable?

   A: There is a perpetual covenant on these properties. There is also access to the Housing Preservation Fund, which comes with a 10 year affordability covenant, and does come at
lower interest to developers. This is in addition to the fact that there would be a compliance of annual certification for the property.

- **C**: This is one of several possibilities for how we can preserve existing or NOAH units, especially where the AMI levels are able to be met in that way.

- **C**: There is an inherent conflict between TOPA and DOPA. DOPA is clearly an affordability preservation act--TOPA is not. TOPA empowers residents, which can lead preservation, but also being bought out--which is often the case. There is no TOPA requirement that tenant-purchased units can't be assigned to a developer who will get an agreement to increase the rents or vacate them. I believe the biggest reason DOPA has been unsuccessful is because it's not in the residents' interests as they do not receive the buyout from a third party developer.
  - **C**: There is a surprising number of preservation transactions that DHCD is funding through the TOPA route. Tenants are assigning their rights to nonprofits or for profits who are doing preservation. Voluntary agreements are not exceptionally active at the moment right now. TOPA is not just a right to preserve, it's a right to be a player in the sales transaction.
  - **C**: There was a point in time when tenants would take cash to leave but as housing costs have increased, tenants have shown interest in using TOPA as a tool.

- **Q**: What level of frequency is TOPA exercised?
  - **A**: Tenants typically exercise their right by forming a tenant association and then explore their option with either a new purchaser, a purchase by the residents or a deal with the contract purchaser. Using their rights under TOPA, residents can negotiate with the contract purchaser.
  - **A**: In most sales of larger assets, tenants exercise their rights, even if they have no interest in purchasing the property. They can usually extract something of value from the buyer, the seller or a third party just to allow the sale to proceed in a timely manner. I see it as a negotiated transfer tax that is paid to tenants, not the City.

- **C**: Most tenants with TOPA rights receive training and technical assistance from CBOs. Through that process, there are extensive efforts to reach out to developers to partner with tenants, therefore most projects have already been vetted by the very same developers. Could there be a time where developers are expected to play their hands for the very same properties both through TOPA and DOPA? Is there a way to avoid duplication of efforts that could result in strategies that reduce tenant rights during TOPA?

- **C**: The issue with DOPA is that the District hasn't necessarily needed it in a market where the trust fund was robust. There are a lot of great nonprofits and for-profits interested in tax credit and affordable housing and we haven't necessarily needed a lot of DOPA transactions yet. I think the broader question is, are we in a moment where affordable housing organizations may pass on a transaction, such that the District itself wants to play its backup card? Or are there smaller transactions where we should have played the card and we haven't?
  - **A**: In the 15 cases where the District tried to pursue its rights, in nine of those cases, tenants signed their rights, whether there was a buyout or not. In the remaining cases, the development community showed no interest in pursuing the properties, which were all small properties. There are a lot of unknown actors purchasing small properties and not necessarily keeping them affordable in the long run.
- **C:** I presume speculators are quickly buying small buildings and requiring tenants to leave them. We need to focus our energy on preserving the affordability of these small buildings, perhaps by placing covenants on the land as opposed to the building.
- **C:** DOPA and TOPA are like rent control in that they need systemic reform. The current tolling on the TOPA statue is having an adverse impact on providers and the city. As we move out of the eviction moratorium, I would hope that the executive and the council take a systemic approach at examining TOPA/DOPA, rather than just tweaking the statute. The District can look to the best practices of other states, where it doesn't take six months to tie up the transaction.

Discussion related to the Housing Stabilization Grant Program
- **C:** DHCD distributed $2 million in HSG funds to 223 small landlord applicants, a total of 417 rental units (buildings with 20 units or less).
- **Q:** Is there any more updated data to suggest what the 30% delinquency rate will look like moving forward?
  - **A:** DCHFA is looking to partner with the private sector (AOBA, Urban Institute) to collect this data, but also to delve deeper. Addressing questions such as, what is the acceleration of the delinquency over time? Has it gotten faster? Has it gotten greater? Has it spread to more households?
- **C:** SMOA conducted a survey of nearly 200 housing providers. The survey found an average 15% vacancy rate and if confirmed, average delinquency at 30%. Data also showed a high number of property managers having issues with health and public safety violations.
- **C:** Surprised that the delinquency amount was not a larger amount $3,000.
  - **A:** The housing stabilization grants only covered arrears from April to November, which may explain why the amounts were limited. Delinquency rates didn't really start to climb until the extra unemployment funds ran out, or stopped.
- **Q:** What is DCHFA’s process for ensuring the waiver of the remaining 20% of the rent debt versus the effort to collect that 20% from the tenants?
  - **A:** Once the grants were issued, DCHFA asked the housing providers to return a tenant ledger that shows the adjustment being made, in terms of that delinquency being wiped out of the tenants ledger. For the next 12 months, DCHFA will collect updated information to ensure that it consistently remains off of households’ ledgers.
- **C:** I want to counteract the rumor that tenants are not applying for rental assistance--that was true over the summer, as we were adjusting to the emergency, but at this point, tenants are applying in tremendous numbers. In the month of February, Housing Counseling Services approved $1.2 million in just ERAP not counting CHAP assistance. It’s important to consider both landlord and tenant focused programs. Note that the HSG program, and similar landlord based programs, do not require the level of documentation that we will likely be seeing with the federal ERA funds.
- **C:** Borger Management has residents who have not paid rent for many months. Our market rate tenants who are delinquent are typically four to six months delinquent, which can amount to as much as $10,000. I hope that in some way the landlords can become more involved in submitting. The more that we’re allowed to do, I think the better or the quicker the funds will get dispersed.
Q: How do tenants know that their landlord has participated in the Housing Stabilization Program and how do they know how much the program has helped them with arrears and what they might owe after?
   ○ A: Borger Management engages directly with residents who are delinquent.
   ○ A: JBG Smith will call, write, and email residents.

C: It seems that the program effectively addressed provider and tenant needs, meaningfully and efficiently. And, some elements should be applied as we look ahead (80% coverage, low barrier means testing, balance confirmation (arrears/20%) as protection for tenants, etc.).

C: I think there are really three sub-markets here that are behaving differently: committed affordable low income housing market, NOAH workforce market that's largely rent controlled, and Class A, non rent controlled and unrestricted market. Vacancy, delinquency, and tenant engagement with support is different across the three markets. JBG Smith’s Class A delinquency is nowhere near 30%, but our vacancy is significantly higher than what’s been presented. There is a large difference in people's willingness to engage in ERAP or assistance between the committed affordable housing resident and market rate residents, across the DC/Maryland/Virginia region. It is exceedingly difficult for landlords to get market rate residents, which can include workforce residents, to engage in a process of getting public support to help with their rent. And if we want to stabilize the rental housing market, we might need to break it down into subsets.

Discussion related to Commercial Conversion to Residential

Q: I think there should also be a break-even analysis, that’s also adjusted for vacancies. Wouldn’t something like an IZ requirement actually wipe out the benefit of rent differentials? On one hand, you want the market incentive, but then there's the regulatory burden, that seems like a disincentive.
   ○ A: It may, in some cases, dampen the market, but on the other hand, don’t we consider it a bit of a loss that some of the properties at Buzzard Point don't have any inclusionary zoning or any housing affordability? It gets to the question of what do we do with our resources and our money? And are there costs that we're willing to bear to make sure that we have affordable housing across the city? I think we might be willing to accept some pushback on the market in order to ensure that in the long run, we get the inclusionary zoning units.
   ■ C: UPO has an 100% affordable housing project in Buzzard Point.

Q: Is there a fiscal impact requirement when the zoning is changed?
   ○ A: There should be more analysis conducted, but commercial can seem better because it's a higher tax rate and has fewer requirements of the city. On the other hand, residential seems better because of the income tax. So we don't know what the break-even is, but zoning does not have to do that kind of analysis.

Q: Will these conversions be a matter of right or require a zoning exception in order to materialize? How will the pushback by residents in Ward 3 and other high opportunity areas be addressed?
   ○ A: Commercial can be converted to residential by right, but it depends on the particular zone. If we put an IZ requirement on it, there would then be some new requirements that would happen, but zoning oftentimes is not the impediment to housing production
or conversion. In regards to pushback, the Mayor has been very clear that there will be affordable housing in Ward 3 and the community dialogue has changed. During a recent ANC 3C meeting, people voted to support more density to get affordable housing.

- **Q:** Is Ward 3 more focused on multifamily housing or senior housing?
  - **A:** There are various voices and degrees of openness in Ward 3. But overall, there seems to be more openness than in the recent past to multifamily and affordable housing. OP is kicking off a small area plan in Chevy Chase and there's interest in multifamily housing and potentially senior housing.

- **C:** It seems that different areas might require different tools. For example, why would we need to create a tax incentive or abatement for a conversion in Ward 5, when the large rent differential appears to be an incentive for the owner to do the conversion?
  - **A:** As you move outside of Central Washington, the markets are sometimes very small and quite different. We're not saying there should be tax abatements for conversions. The Council passed a tax abatement for affordability in order to get income restricted covenanted units. We not only want conversions to residential, but conversions to affordability.

- **Q:** What are developers saying about building and maintaining affordable housing?
  - **A:** Given the providers and developers at the table, I won’t speak for them, but I believe a growing number of people in the DC community understand that affordable housing is critical, and many developers are familiar with inclusionary zoning, more so than when it was first introduced in 2006.

- **C:** We need to figure out how to support family housing, but that should not hinder the support of producing more housing overall. We need to figure out how to do both and at the same time.

- **C:** It's extremely expensive to convert a building to residential. it's rare for this to work in DC, as it costs probably $150 to $200/ft to convert an office building, so you need to buy the building around $100 a foot to make it work for anything other than very luxury combinations or condominiums so I don't see this as a tool for generating lots of affordable units. This is one of many solutions, but it’s far cheaper to preserve our existing stock than it is to create new stock.
  - **A:** I agree that this is not the only tool for expanding the housing stock. But we should look to both expand and preserve.

- **C:** It would be helpful to collect data from housing providers so we can create more targeted and specific proposals to incentivize conversion, as opposed to a blanket approach. I’d also like to know what is the appropriate cutoff point for incentivization. I think more housing and affordable housing in downtown Ward 2 is important, but DMPED has advised against the conversion of office spaces downtown, in large part due to the infrastructure that’s in place.
  - **A:** There may be one-off opportunities in downtown where things (i.e. floor plate, ownership) are right so I wouldn’t preclude it. But I also wouldn’t expect big things to happen. The zoning commission has asked OP to look at the downtown zoning and think about future opportunities.

- **C:** I would like to see family-sized housing produced not solely on the back of medium- to high-rise buildings (via planned unit developments, or in this case, through conversion) but also infill development—duplexes, triplexes, quadplexes. These will be bigger and denser than single-family homes, likely with smaller setbacks, and less parking, but worth it.
• C: This study on commercial conversion could help identify areas where commercial density is of relatively less value and providing additional residential density as a matter of right could encourage redevelopment. For example - If an office building in Ward 3 is marginal and there is a 20% density bonus on the site for residential as a matter of right then it could encourage more housing--either as a conversion or as a redevelopment of the site.

Public Comment
Don Edwards, JSA, initiated the public comment period and public observers were able to make verbal comments upon their written request in the chat. Strike Force members were invited to respond to the public comments via the chat or verbally. See Attachment A for a record of the public comments.

Closing Comments
Director Polly Donaldson encouraged members to put words to paper in their working groups and reflect on the meeting presentations to help refine ideas. She reminded the group that in the coming weeks there will be more information and guidance from the Treasury on ERAP as well as information on the Biden Administration’s stimulus bill. She affirmed that the purpose of working group conversations is to focus on what the Strike Force can focus on in the short, medium, and long-term.

Don commended the group and members of the public for their engagement and respect during the process.
Attachment A: Public Comments

- **Q:** Is there published data on how many households, by ward and housing type, have been helped through the various rental assistance programs? Is that information public yet? And if not, when will it be made available?
  - **A:** DHCD presented data on HSG program, CHAP, and TBRA rent assistance program during the Mayor’s Briefing. We will post the information on our website’s resources page.

- **Q:** Neither TOPA or DOPA protect tenants when a building changes property management companies, but essentially property management companies may have long term management agreements and payment structures that make them quasi property owners. How can TOPA/DOPA be expanded to protect tenants when property management companies are changed?
  - **A:** I’m not sure about the impact on the tenants specifically by a change in property management companies. It would be useful to have a further explanation.

- **Q:** Is there any transparency for the Housing Stabilization Grants? Can a tenant identify if their landlord accepted these funds? If a landlord qualified to accept these funds, but chose not to, will they be permitted to move for eviction?
  - **A:** Yes, landlords were required to have the rent payments reflected in their rent rolls and to contact or inform the tenant.
  - **A:** DCHFA has one instance where a housing provider did not accept at all.

- **Q:** Mr. Andrew Trueblood - I thought your study was very good, but I was a bit surprised that you did not mention social housing at all. It is clear that the private market is not getting the job done. What are your thoughts on how to build a social institution to take over? DC needs to build its own social housing, targeted at both renting to low/medium income and for home ownership for long term renters.
  - **A:** From an OP perspective, we deal less with the ownership and management approach and more with the fact that we need more attainable and affordable across the city. OP is very much interested in those conversations, but our tools typically revolve around land use and zoning, which don’t get to those questions of ownership.

- **Q:** Chicago and other jurisdictions have had incredible success distributing their rental assistance funds by providing emergency rental assistance directly to tenants. Why hasn’t DC provided these emergency funds to tenants? By giving rental assistance to landlords it promotes inequitable relationships. The bar for accessing these funds should be the lowest and easiest way possible.
  - **A:** The Council recently put together legislation that lowered the bar for ERAP and allowed easy and quick access to rental assistance to landlords, but on behalf of tenant applicants. Federal funds are not quite as easy as that and certainly can’t be legislated at this level.
  - **A:** UPO still has funds left. You can email us at housingservices@upo.org, if you want an application. Right now the regulations do not allow us to give money to tenants unless the landlord is extremely unreasonable or unresponsive. So I would encourage you to first let us exhaust all of this and then we can figure out another way.

- **Q:** Is there any value to applying DOPA to class C commercial properties in zones where it might make sense in terms of cost?
Q: How many times a year can an application be made for tenants?
Q: Director Donaldson, Will the conversation with the Treasury be made public? Will we be able to listen in? Will you offer transparency?
C: My husband is a small landlord with just one unit. My family is dealing with a predatory tenant who is willfully not paying rent and is facing no hardship, but using COVID19 protections to her full advantage. We were able to apply for and awarded DHCD HSG funds in December 2020. Our ability to apply for this directly was critical to alleviating significant financial pressure. The process was efficient and effective in assisting small landlords who are confronted with hardship as a result of a tenant unable or not willing to pay rent during the public health emergency. There are some tenants who simply will NOT apply for assistance, and the burden falls on the landlord. Thank you for hosting these meetings and for making them accessible to all stakeholders.
C: Please cancel rent for tenants. This is the humane thing to do. The lack of tenant voices on here is shameful. Have you considered what is happening to the elderly and long time DC residents that struggle to stay in their homes because of rising property taxes and their homes are falling apart? Racial Equity means taxing the rich to ensure no further displacement continues in DC. Inclusionary zoning is still for the middle class and doesn't keep the low-income residents in the city. Affordable housing should ensure housing for the homeless. Housing for the mentally ill.
C: Cancel rent will decrease the crime happening in our city. Why? Because not doing this has cause a hostile environment for the people struggling and are on survival mode because of the lack of inaction to help these communities.
C: I’d like our legislation passed for Cancel Rent and Mortgage because seniors on fixed incomes are being affected. I’m a senior in Ward 6 and would like to remain in my senior building after the moratorium is lifted and would like the rent cancelled.
C: Council Member Bonds, since the COVID-19 outbreak, many Black and Brown families have been unable to pay rent and are facing eviction or huge amounts of debt when the moratorium is lifted. If we do not Cancel the Rent, many seniors will be displaced. Unfortunately, often when elderly people are displaced, they die. We have tried to meet with you on multiple occasions and you have not responded. The council needs to pass Cancel Rent to protect our seniors.
C: Cancel rent will save lives and alleviate the mental health stresses that come with having over a years worth of overdue rent. Keeping families housed during a pandemic makes sense. Don't put families at risk and become homeless. You hold a racial and classist prejudice by not canceling rent.
C: We need to protect children from any more trauma - they have already been put into precarious positions with schools closing - many depend on schools to socialize, get food, and other needs met. It is also difficult to distance learn. If we do not cancel rent, many people - including children - and disproportionately black and brown children. We need to keep children in their homes.
C: Cancel Rent needs to be the priority for the strike force. ERAP and CHAP are not enough. They are inaccessible! Cancelling Rent CAN be CONSTITUTIONAL if a fund is created to allow landlords to apply for reimbursement. We have $200 million of federal money for rental assistance! Use it to CANCEL RENT!
• C: The sum of programs offers about $24 million of relief. We estimate that this is at best 10% of what’s needed. Our bill calls for at least $100 million to cover all at risk Washingtonians. ERAP is almost out of money. These programs are not easily accessible to those who cannot access technology. These programs are not easily accessible in multiple languages. There are no advertisements for ERAP on buses, online, etc. - so many tenants do not know they have options. Other than ERAP, none of these rental assistance programs serve undocumented residents.

• C: My very own kids have stolen food for being hungry. So stolen cars aren’t surprising to me for communities that are struggling hard during this time. I was fired and many single mothers I know have been let go. Covid relief won’t help me.

• C: Small landlords should continue to receive special considerations in these discussions. I am a small landlord with 1 unit and 1 tenant who is not facing a COVID hardship. The tenant has not paid rent since March 2020 and has expressed that they will not pay until a court orders them to do so. This places landlords like me in a vulnerable position with no legal options to collect rent, evict, sell or reclaim the property. I appreciate the housing stabilization grant award, which was helpful, but the egregious situation remains unchanged. Could there be a mechanism created to have the District look into individual cases and circumstances such as this one?

• C: Our bill can actually help landlords who are behind on mortgage. The bill will include local funding for which landlords and mortgage lenders can seek compensation for lost payments, so long as they adhere to housing code compliance and a 2 year freeze on rent hikes. CANCEL THE RENT IS GOOD FOR EVERYONE!