

GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOUSING PRODUCTION TRUST FUND ADVISORY BOARD

Meeting Highlights

(For more details, see Transcript)

Monday, November 3, 2014

DC Department of Housing and Community Development (DHCD), Housing Resource Center.

Meeting Participants:

Board Members Present: David Bowers, Chairman; Stanley Jackson; Jim Knight; Sue Ann Marshall; Oramenta Newsome; M. Craig Pascal; Jacqueline Prior; David Roodberg; and Michael Kelly, DHCD Director, *ex-officio*. *Absent:* Bob Pohlman

Other Participants: DHCD: Oke Anyaegbunam, HPTF Officer; Milton Bailey, Chief of Staff; Beatrix Fields, Senior Legislative Specialist; Nathan Simms, Deputy Director; Robert Hayden for Director of the Portfolio Management Division (PMD). *Presenter:* David Tweedie, System Administrator, The Community Partnership for the Prevention of Homelessness (The Community Partnership).

See *Attachment (1)* for copy of Sign-in Sheet.

Agenda Items and Actions Taken:

See *Attachment (2)* for copy of Meeting Agenda.

1. Call to Order: The meeting was called to order at 10:07 A.M. and a quorum was established.
2. Approval of Prior Meeting Summaries:
 - A. *9.8.14 Meeting Highlights.* The Board unanimously approved the September 8, 2014 Meeting Highlights.
 - B. *10.6.14 Meeting Highlights.* The Board unanimously approved the October 6, 2014 Meeting Highlights, with the following edits: on page 2, Item 3(A)(c), under Acquisition Loan Program (ALP) objectives, changed the first line to read, "DHCD proposes to: expand acquisition *and* predevelopment funding by \$100 million"; and on page 5, clarified that selected lenders are the lead underwriters under both the SAFI program and the proposed ALP.

Approved Meeting Highlights are on the DHCD website.

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3. Discussion Item: Demand Side Leveraging Options: Review of Data Presentation by the Community Partnership for the Prevention of Homelessness:

A. *Introduction:*

Board Member Sue Marshall, Executive Director of the Community Partnership, summarized that the purpose of this presentation was to continue the Board's conversations regarding the Demand Side issues, providing quantitative data to move to a qualitative discussion about the kinds of services needed and who needs them. This is a follow-up to prior discussions by other agency representatives from the Departments of Health (DOH), Human Services (DHS), Behavioral Health (DBH) and the Health Care Finance Administration (HCA). She indicated that there is a continuum of needs for affordable housing and services. The continuum of need can range from deep needs for those who are chronically homeless and need permanent supportive housing to the other end of the spectrum for those who just need affordable housing and no services in the traditional way. Services include: clinical, behavioral, social and some resident services.

Board Member Marshall noted that the data to be discussed was presented at a national forum on veteran's housing and chronically homeless single individuals and to the DC Interagency Council on Homelessness (ICH). This data is about the process of what happens to families who go through a central in-take process that starts with a sophisticated assessment. It is hoped that the outcomes of the assessments will provide for better targeting of resources to those who present based on their needs. There are two types of housing initiatives for exiting families and individuals (individuals are single adults over the age of 18 who present without children); and these are differentiated in how the District deals with both groups.

With regard to financial resources to assist the homeless, in addition to other government agencies, The Community Partnership has local funding of \$6.5 million in Permanent Supportive Housing rents for single adults (new this year for singles) and an additional \$3 million for Permanent Supportive Housing for families, with matching dollars for the services that go along with PSH. Currently, The Community Partnership has \$20 million for the rents associated with Rapid Rehousing for families exiting shelter and an additional \$2.5 million for case management. She noted that Freddie Mac made a very significant investment, along with other philanthropy, to support case management and other services for families.

For this presentation, Board Member Marshall invited Mr. David Tweedie of The Community Partnership to explain the data and assessment outcomes; and Board Member David Roodberg to offer his perspective on what tenant services his company, Horning Brothers, offers in for-profit developments.

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B. *Summary of Community Partnership DC Coordinated Entry Assessment*, presented by David Tweedie:

By August 31, 2014, homelessness ended for 340 individuals, including veterans, chronically homeless individuals and others targeted for both PSH and Rapid Rehousing resources, which were matched to housing units through the Coordinated Assessment and Housing Placement system, designed by The Community Partnership. With seventeen providers, 1,850 assessments were completed over three 100-day periods (resulting in about a year's worth of data). In the most recent 100-day period, from 5/28/14 to 8/31/14, the VI-SPDAT assessment of 1,313 individuals showed that the assessment scores recommended the following housing interventions or what program a person is most likely to be successful:

- 27% of individuals needed Permanent Supportive Housing;
- 52% needed Rapid Rehousing; and
- 21% needed minimal intervention and were likely to escape homelessness on their own or through minimal supports (they may just need a place to live- the sole intervention needed).

Note that one out of every two individuals was recommended for Rapid Rehousing, which is the majority; and one in four needed permanent supportive housing.

The cost of homelessness to the healthcare services, crisis services, and other public services were reflected in the following assessment data: in the last 6 months, these individuals had used the emergency room more than 3,215 times; had interactions with police more than 1,303 times; been taken to the hospital in an ambulance more than 1,551 times (costing about \$500/trip); hospitalized as an in-patient, including in a mental hospital, more than 1,186 times; and used a crisis center, including stress centers and suicide prevention hotlines more than 807 times. With this data, The Community Partnership is beginning to quantify the cost reductions that would result if the individuals were actually housed following assessments.

Key Concerns Raised by Board Members:

- 1) *Is there any way to track the outcomes of your initial analysis to determine whether or at what point individuals went from one form of housing initiative to another, since there are limited supports at the lower income levels? The presenters indicated that individuals at the minimal intervention category still consume resources from our hospitals, police, and mental health services. At this point, the way that persons are assessed is that they would have been homeless. So, if a person were assessed at the minimal intervention point and*

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then were to re-enter the system, they would self-record that they were experiencing homelessness. But for individuals who move off to their own housing, The Community Partnership does not currently have a method of tracking to determine the absence of something versus the presence of supports.

- 2) *Do you already have income data for each respondent so that you can quantify those who have some reliable income?* The presenters indicated that even if the responders had income, it is not alot, and varies by the intervention type. For individuals who are screening in need of permanent supportive housing, the majority of them have zero income. For individuals in the Rapid Rehousing range, they might have income, whether it was \$500 or even \$1000 or more, it still may not be enough for market rate rents. The assessment actually looks at income sources and income amounts. The Community Partnership indicated the information has been collected and they will need to look at assessments to determine income levels of the various categories.
- 3) *Different housing needs for different vulnerability levels?* The presenters indicated that some at the minimal intervention level just need a place to live or need the ability to sustain housing. Board Member Marshall clarified that the need to incorporate economic wellbeing is as important as social well-being. Other Board members indicated the need for workforce development and extra literacy; one could have income but need help managing that income so that they can be housed. Getting a job, any job, does not necessarily get you out of poverty or keep you from being very low income. Board members suggested that income and affordable housing are needed to keep people out of homelessness.
- 4) *Explain the difference between what is provided with Rapid Rehousing versus what is provided with Permanent Supportive Housing.* Permanent Supportive Housing can look like either scattered sites or site based vouchers. The goal of that program intervention is that a person has a lease and could live in the unit indefinitely. Rapid Rehousing is short term financial assistance that often comes with case management, but is a time limited intervention. It could be assistance for four months or one month. The federal model for Rapid Rehousing implies the person or family only needed temporary assistance to get footing, but in the District where persons are placed in market rent units, their incomes would be too low for them to stay. As a result, they are continuously re-certified for Rapid Rehousing dollars. The question raised was whether there is a way to use Rapid Rehousing dollars to better support supply and demand. The lead agency for both Rapid Rehousing and PSH is DHS.
- 5) *With limited household income increases and the need for services, is there a way to build housing based on the need and build these service costs within the financing of the housing? What is the minimum threshold income and*

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need over the next several years? It was suggested that there should be a heavy concentration to use Trust Fund dollars to produce units for the income needs of these populations, since the goals of the HPTF Act are to produce housing for the extremely low and very low income persons/households. Also, it was suggested that the city should no longer invest dollars in temporary solutions. This would mean that production goals would need to be applied as opposed to developing whatever units the development market brings to DHCD. DHCD staff indicated it has talked with DHS about creating Rapid Rehousing units in developments, but as a temporary subsidy, it would need to be subsidized in the budget for a period of time. Unfortunately, in the District, Rapid Rehousing families/individuals are unable to afford the market rents in the developments where they are temporarily located; so they would not be moving on to independence as contemplated under national Rapid Rehousing model.

- 6) *Another fundamental public policy question raised for further discussion was whether the District or any jurisdiction can have a right to housing given the available resources and costs of the most vulnerable. To be discussed in the future.*
- 7) *From a policy standpoint, are we willing to finance properties and units that are truly affordable with no subsidy at 30% and 40% AMI contract rents for those that can afford such rents and to require that developments with HPTF dollars have some of these affordable units?* It was concluded that most importantly, can "we", collectively, make first choice lenders comfortable with this policy. If we do not have a new policy to create affordable housing at a minimal intervention category, then there is the likelihood that these persons are going to move to another more vulnerable category.

C. *Comments on Resident Services in For-Profit Developments*, presented by David Roodberg, Board Member and CEO and President of Horning Brothers. Board Member Roodberg advised that Horning Brothers is a for-profit development and property management company that provides services for persons already in units, and the company is committed to the service side, with a goal to reach a win-win situation with tenants.

- 1) Depending on the property, the services are geared to improving the site. For example, where there were problems with people "hanging out"/crime (ages 14-21 years old), the owner attempted to provide a "safe haven". Programs were brought to the site from service organizations that were subsidized by other resources, so the cost to the property owner was less. Safe Haven services included workforce development/job skills, and financial literacy in different age groups. The goal was to put residents in a position to succeed once they are in housing.
- 2) Chairman Bowers indicated that he would look for a study that identifies the cost savings from good services and that shows the tradeoffs and ultimate

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return on investment. Similarly, Board Member Roodberg indicated his company is performing an analysis of its cost savings, which he will share when it is completed.

- D. *Board Recommendations.* The Chairman asked members to think about recommendations regarding the issues raised by the presentation.
4. DHCD: Leveraging Work Group Update: The Leveraging Work Group will meet November 4, 2014, to discuss 5 to 6 issues that were raised during the October HPTF Advisory Board stakeholder meeting. The Working Group will focus on the treatment of vacant land, as well as, the Tenant Opportunity to Purchase Act. From this meeting, the Group will try to determine the next steps. The program documents must go through three legal sufficiency phases: (Stage 1) program concept and design; (Stage 2) RFP materials; and (Stage 3) covenants and agreements with lenders. The program concept and design have been submitted for review, and DHCD is awaiting a legal sufficiency ruling on these items. The RFP materials are almost complete. The RFP will be released while the covenants and agreements are being finalized.
5. DHCD: Update on the Financial Status of the Housing Production Trust Fund and Any FY2015 Funds Budgeted for the New Communities Initiative.
- A. *Funds Budgeted for the New Communities Initiative (NCI).* See **Attachment (4)**. Mr. Oke Anyaegbunam, HPTF Officer, advised that the New Communities Bond debt payment is annually \$7.8 million. Going forward, no new securitization debt for NCI will be expended from the HPTF.
- B. *Status of Loan Delinquencies.* The Chairman inquired as to how many delinquent loans are HPTF delinquent loans and the dollar amount it represented. Mr. Robert Hayden, DHCD Portfolio and Asset Management Division, advised the Board that there is \$330 Million in principle owed for the 206 HPTF loans. There are 22-28 loans, totaling \$15.5M to \$16.4M, that are in a distressed state, which is defined as in arrears by more than 120 days. This represents 10.6% of all HPTF loans and 5.63% of total HPTF dollars.
- Chairman Bowers recommended DHCD formally communicate with the Council and the new Mayor regarding the recent Washington Post article on the DHCD delinquency issue vis-à-vis the overall size of the portfolio and the percentage of delinquency. Also the Board suggested that DHCD should discuss the steps it has taken to remedy any issues relating to the HPTF and delinquent loans.
6. DHCD: Update on the Development Finance Project Pipeline and the Mayor's Affordable Housing Goals.

The Board agreed to discuss the pipeline at its next meeting. See *Attachment (5)* for a summary.

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Deputy Director Simms was asked if there were any key updates on the development pipeline. Mr. Simms provided the Board with updated affordable housing production pipeline information provided during Mayor Gray's Affordable Housing press conference on October 8, 2014. See *Attachment (6)*.

7. Old Business.

Status of Mayoral Nominations for New Board Members. The Mayor submitted reappointment nominations for Board Members David Bowers, Sue Marshall, Oramenta Newsome and David Roodberg, whose terms expire in January 2015. The Council Committee on Economic Development has communicated with the nominees.

7. New Business.

A. *Matters to be discussed with New Administration.* The Chairman asked the Board members if there were any issues they thought the Board should discuss with the new Administration. Some of the issues raised included:

- 1) Continuation of the Advisory Board to assist in fulfilling two recommendations of the 2013 Comprehensive Housing Task Force Report; and completing the Board's recommendations. DHCD has worked with the Advisory Board and has shown its ability to move and track funds, and is working to enhance areas where improvements have been identified.
- 2) The need to continue reviewing how to leverage funds more creatively and effectively, with other social service dollars to reach those the HPTF is asked to serve.
- 3) How to grow the Fund beyond sticks and bricks into the social mortar that resides within those sticks and bricks, with heavy emphasis on the latter.

Task: Chairman Bowers asked members of the Board to develop bullet points and language for recommendations to submit to the new Mayor, which the Board could consider at its December meeting.

In conclusion, this matter will be further discussed at the next meeting.

B. *Request for Favorable Tax Status Regarding Newly Acquired Vacant Properties.* Ms. Beatrix Fields, Senior Legislative Specialist, informed the Board that the determination of whether a property is taxed at a vacant rate is made by the DC Department of Consumer and Regulatory Affairs (DCRA), not the Office of Tax and Revenue. There is a formal petition process for an exemption to the vacant property tax rate. Also, she advised that the Mayor has the option of giving a project a special exemption. The question for the agency to discuss with DCRA is whether the HPTF Program can receive exemptions for vacant properties in its development pipeline. This matter will be further discussed after DHCD has discussed the issue with DCRA and the Administration.

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C. *Update on recent DC Council Legislative Actions Related to the HPTF.* Ms. Fields discussed four Bills that may affect the work of the HPTF (See *Attachment (7)*):

1. Bill 20-604, “Affordable Homeownership Preservation and Equity Accumulation Amendment Act of 2014” will revise resale restrictions for affordable for-sale units developed or preserved in distressed neighborhoods with funding from the HPTF. The designation of distressed neighborhoods will be altered. The bill was approved by the Council on 10/28/14.
2. Bill 20-594, “Disposition of District Land for Affordable Housing Amendment Act of 2014” will authorize the sale of certain real estate in the District no longer required for public purposes, which is disposed of pursuant DC Official Code section 10-801, and establishes affordable housing requirements and specific documents to accompany a proposed resolution to the Council. Two exceptions were added at the 10/28/14 legislative meeting: (1) this bill will not apply to public facilities, such as homeless shelters; and (2) the determination of whether the requirement should be waived will be made by the Mayor, based on a financial analysis completed by the CFO. The Council approved this bill with the exceptions.
3. Bill 20-708, “The Housing Production Trust Fund Baseline Funding Amendment” will authorize an appropriation of at least \$100 Million annually for the HPTF. The Council approved this bill on its first reading and is scheduled for a second reading on November 18, 2014.
4. Bill 20-369, “Truth in Affordability Report Act of 2014” will require the CFO to annually calculate and report on the DC median family income; and that affordable housing units be marketed utilizing affordability data expressed in terms of area median income and DC median family income. This bill may impact how the agency markets and sells units. The Council approved the bill on its first reading and is scheduled for a second reading on November 18, 2014.

The discussion surrounding Bill 20-369 alerted Board members to the possibility that deeper subsidies may be needed in the future if the Bill requires the HPTF to use DC’s income and not the area median income. One Board member pointed out that the DC income now exceeds \$100,000. So, the difference between the AMI and DC’s income may be immaterial. Chairman Bowers asked DHCD to assess what, if any, impact this bill will have on financings using HPTF funds.

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8. Announcements. Director Kelly provided the following announcements:
- A. On Wednesday, November 19, 2014, DHCD will conduct a public hearing on the Consolidated Annual Performance Evaluation Report (CAPER). This report will represent the final report of the past Five-Year Consolidated Action Plan period.
 - B. On Wednesday, November 12, 2014, DHCD will release six (6) solicitations for offers to develop 36 District owned properties in Wards 6 & 8. This is the second phase of the agency's solicitations around its revised Property Acquisition and Disposition Division (PADD). The agency is now reviewing another 36 parcels for development.
9. Public Comments. No public comments.
10. Adjournment. 12:28 P.M.

Attachments: (Handouts or PowerPoint Slides)

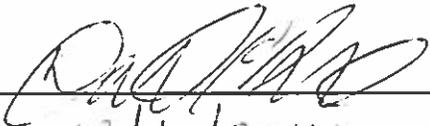
- Attachment (1):* Copy of Sign-in Sheet, dated 11/3/2014.
- Attachment (2):* Copy of Meeting Agenda, dated 11/3/2014.
- Attachment (3):* PowerPoint: "District of Columbia Coordinated Entry for Single Individuals: Progress, Accomplishments and Next Steps", prepared by The Community Partnership For the Prevention of Homelessness, dated 11/3/2014.
- Attachment (4):* DHCD HPTF Preliminary Funding and Utilization Status for FY2014/2015, as of 10/31/2014.
- Attachment (5):* DHCD 2014 Consolidated RFP, Applicant Summary for Tier 1 and Tier 2 Applications.
- Attachment (6):* Handouts from Mayor Gray's Press Conference on Mayor's Affordable Housing Goals.
- Attachment (7):* Legislative Update, as of 10/31/2014.

Submitted By: Beatrix Fields, Senior Legislative Specialist, DHCD
(Any corrections should be forward to Beatrix.fields@dc.gov)

**The audio recording of this meeting may be heard by contacting Pamela Hillsman, Senior Community Resource Specialist, at Pamela.hillsman@dc.gov or calling (202) 442-7200.

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Approval of Meeting Highlights. The Board tentatively approved these Meeting Highlights at its December 1, 2014 meeting, with leave for the staff to make any technical amendments, and to post on the DHCD website. After final approval by the HPTF Advisory Board, the approved final Meeting Highlights will replace the Tentatively Approved Meeting Highlights and be posted on the DHCD website.

Final Approval:  (David Bowers, Chairman)
12/15/2014 (Date)