



***District of Columbia***  
***Interagency Council on Homelessness***



***Housing Solutions Committee***  
***April 19, 2021***

# Meeting Agenda



- I. Welcome & Call to Order
- II. Introductions
- III. Discussion
  - I. Development Process: Special Projects Team Report
- IV. Updates
  - I. Federal Fund Review: DHS/DHCD
  - II. Lease-up Process Update: DHS
- V. Announcements
- VI. Adjournment

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# Interagency Council on Homelessness (ICH) Housing Solutions Committee

*PSH Development Special Project Task Group*

# PSH Development Special Project Task Group Overview



**Goal:** Map the PSH Development process to identify potential redundancies, inefficiencies, and factors that can slow down projects; report to ICH Housing Solutions Committee

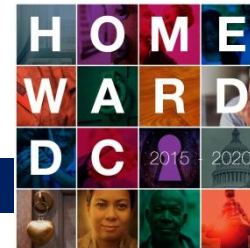
**Task 1:** Collect information on development process for affordable housing projects that include PSH units to identify the following:

- 1) What steps take the longest?
- 2) What are pressure points in the process?
- 3) What strategies could potentially accelerate the process?

\*Development Process Assessment Tool\*

**Task 2:** Hold focus groups with developers to discuss and identify strategies to improve the process.

# Task Group Timeline



Task	Date
Collect information from developers using the Development Process Assessment Tool	November 2020 - January 2021
Kick Off / Q & A call	Monday, 12/14/20 from 3 - 3:30 pm
Focus Group #1: Predevelopment to Construction Start	Monday, 1/11/21 from 3:30 - 5 pm
Focus Group #2: Construction Start to Lease Up; Lease Up to Full Occupancy	Tuesday, 1/12/21 from 3:30 - 5 pm
<b>Report Out to ICH Housing Solutions Committee</b>	<b>Scheduled for Monday, 4/19/21 at 2 pm</b>

# PSH Development Special Project Task Group Composition



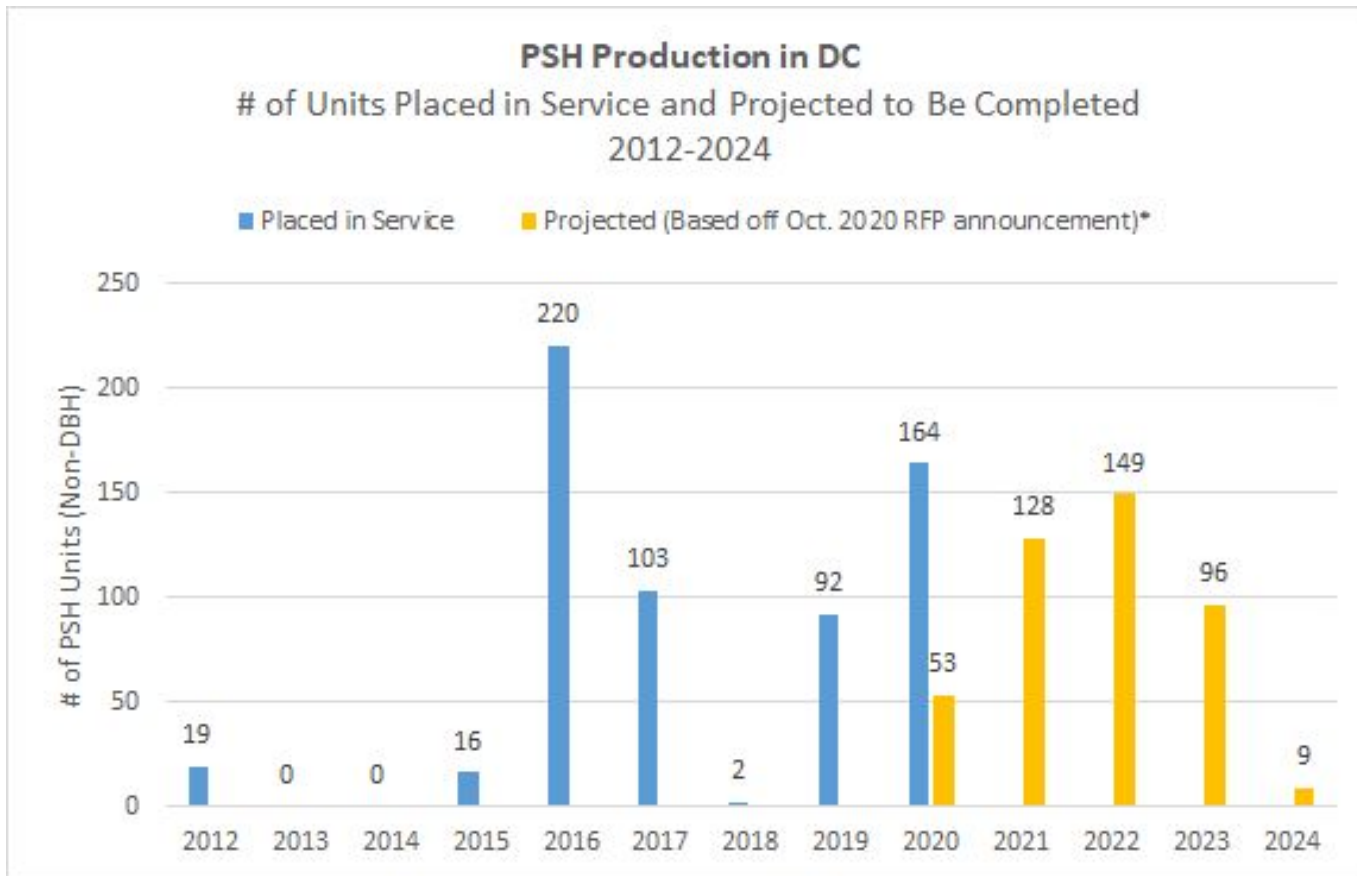
## Special Project Team Members:

- Jillian Fox, CSH
- Shellon Fraser, CSH
- Chapman Todd, Jaydot
- Sarah Malala, Jaydot

**Developers:** Feedback was collected from eleven (11) developers in total: five (5) for-profit developers, five (5) non-profit affordable housing developers, and one (1) non-profit PSH developer.



# Why focus on this?



Between 2012 and 2020, 616 PSH units (non-DBH) have been developed and placed in service through the Consolidated RFP.

An additional 435 PSH units are projected to be completed by 2025

Homeward DC 2.0 projects need for 1,000-2,000 additional site based PSH units. If an average of 100 PSH units are produced per year, it would take 10-20 years to meet the projected need.

\*Numbers reflect units identified for funding in October 2020 RFP announcement from summer 2019 RFP release. Projected units from future funding rounds are not represented above.



# What steps of the development process take the longest?



Step	How many months does it take?
Identifying a site	6-12 months
Secure zoning / Special Use approval	3 - 6 months
Secure building permits	6 months
Marketing and pre-leasing	6 months
Planning for debt coverage and break even	3-6 months

The development process is not linear -- steps are often pursued simultaneously.

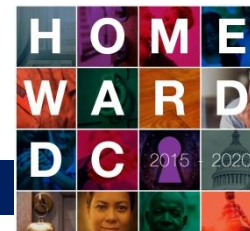
Steps that take the longest do not necessarily correlate with “pressure points” in the process, or areas where improvements could reduce overall development time.

Identified need to focus on the steps that:

- are pressure points;
- represent areas of greatest opportunity to reduce time;
- create a balanced approach to risk taking among developers and funders.



# What steps are “Pressure Points”?



<b>Identifying a site</b>	Why?	Limited availability, competitive market
<b>TOPA</b>	Why?	Process subject to many variables time consuming and expense to resolve
<b>Secure zoning/special use approval</b>	Why?	Time consuming due to requirement of ANC approval; NIMBY possibility, particularly if proposing deeply affordable housing; legal costs; slow timeline for Zoning Commission / Board of Zoning Adjustment actions
<b>Developing a realistic operating budget</b>	Why?	Costs change from funding application to approval; difficult to increase costs post-application to reflect then-current realities; <b>cost standards for projects could be updated more frequently</b>

# What steps are “Pressure Points”? (Cont.)



**Historic Designation /  
Historic Zones**

Why?

Takes significant work to evaluate whether it is worth it or not; cost of outside experts to review and advise; length of time to work through the process even if going forward

**FHLB funding as a  
potential source for  
projects in the District**

Why?

Sometimes difficult to work with, need for greater understanding on complex projects, reviews don't align with funder's requirements in the District (DCHFA/DHCD)

**Sign off on  
construction start**

Why?

1. Relocation conversations that happen here often happen too late
2. Challenges with public utility sign offs
3. Delays and confusion of time sequencing with raze permits, building permits, DOEE requirements

**Inspections at  
Construction  
completion**

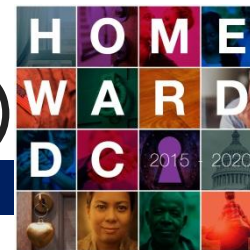
Why?

Multiple inspections by different entities, confusing and time consuming and sometimes following disagreeing standards

# Deep Dive: Predevelopment “Pressure Points”



- Not all organizations can meet the cost of entry for application submissions
- In order to be more competitive, developers need to be “shovel ready” (have zoning done, designs done, etc); this can be a challenge for non-profits without sufficient predevelopment funds, as opposed to for-profits who may have more access to readily available cash
- Predevelopment debt places large amount of risk on both non-profits and for-profits; non-profits especially would benefit from more forgivable debt
- Concepts now require risking hundreds of thousand of dollars on concept, compared to much more comfortable amounts (\$50-60K); makes risk greater and requires moving forward with less confidence
- High levels of cost and uncertainty around zoning approvals
- Planned Unit Development (PUD) Process expensive and subject to appeal
- Design review process adds extensive costs to construction
- Difficult to proceed with a concept without option of Oramenta Newsome funds (where debt is forgiven if project fails)



## Deep Dive: Predevelopment “Pressure Points” (Cont.)

- Utility companies (Washington Gas, PEPCO, DC Water) are challenging; utilities cause construction process delays unique to projects in the District of Columbia
- Indication that new First Source requirements have impacted the willingness of some General Contractors to fully engage in the market in the District; with a more limited number of GCs available, relying on a limited pool of subcontractors leads to increased costs, and time pressures to get projects done efficiently
- Sense of urgency for District entities like DHCD and DCFHFA to accelerate affordable housing developments is not consistent across all District government agencies
- Delays acquiring executed First Source Agreement from Department of Employment Services (DOES), Fair Housing Marketing Plan from DHCD, and clearances from Office of Tax and Revenue (OTR) and DOES; also some uncertainty in negotiating exclusions from the Certified Business Enterprises (CBE) participation requirements.

# Deep Dive: Construction “Pressure Points”



- Relocation conversations happen too late; DHCD sometimes has to inspect unit before relocation
- Developers will receive conflicting feedback following inspections (e.g. DCHA and DHCD inspectors raising different issues); adds costs and delays occupancy
- Difference of federal relocation act vs rehab in place; have to provide plan to municipality or HUD
- Small local subcontractors often have cash flow pressures, and cannot wait too long for reimbursement; some have had them go bankrupt or have to stop work if they don't get paid; the draw funding process with DCHFA and DHCD can stretch out
- Hold up around DCHA scheduling inspections, completing paperwork, and finalizing approval; may take considerable amount of time for payment to come through (e.g. six months, sometimes over a year); can't convert to perm loan because cash flow is not stabilized
- Delay on final payment from DHCD until sign off on accessibility
- DHCD does not releases retainage in part, only in full and after the whole project is complete

# Proposed Solutions to Identified “Pressure Points”



Step	Strategy
Identifying a site	Explore land banking, provide first right to nonprofits for District owned property
TOPA	More extensive involvement with counsel/advisors focused on the best interest of the current tenants
Secure zoning/special use approval	More accelerated review and approval process; possible reduction in fees for affordable projects
Develop operating budget	Limits should reflect inflation and pull out expenses that developers can't control (water, taxes, etc), allow to revisit budget and update costs



# Proposed Solutions to Identified “Pressure Points” (Cont.)



Step	Strategy
Historic Review	More accelerated review and approval process; possible reduction in fees for affordable projects
FHLB funding	Have lenders that can help developers understand the scoring and whether projects will be competitive; educate FHLB regional offices on local context, ensure they understand the DC market and projects
Sign off on construction start	Start relocation conversations earlier; accelerate specialized reviews for affordable projects (raze permits, sheeting/shoring, environmental, etc.)
Inspections	Have one inspection process, coordinate inspections

# Deep Dive: Additional Solutions to Predevelopment “Pressure Points”



- Shorten amount of time needed with zoning attorneys (bill hourly) to minimize the bill
- Create a matter of right bonus density for affordable tax credit projects
- Streamline zoning/special use approval process similar to the DCRA permitting process
- Hire more staff at DHCD Development Finance Division
- Consolidated RFP: Have two rounds annually, or more predictable schedule; prequalify for threshold throughout the year, shorten overall process
- More specificity from DHCD in regards to funds and how funds are released would allow developers to move through underwriting phase faster; allows developers to build financing around assumptions and not have to re-write/re-work

# Deep Dive: Additional Solutions to Predevelopment “Pressure Points” (Cont.)



- Greater transparency in regards to HPTF data, so developers know what kind of projects DHCD is funding and if their project fits
- Re-examine friction points for DHCD funding; current point system is that applicants are awarded more points for certain neighborhoods, but get less points if acquisition price is too high
- More properties in economically diverse neighborhoods that are cheap; prioritize public land for affordable housing
- Pursue third party review program and make this affordable - puts everyone in same room at the same time (moves faster, but more expensive)
- Talk to lawyers and General Contractors about pain points as well
- Have templates of needed paperwork for developers to download off DOES website

# Deep Dive: Additional Solutions to Construction “Pressure Points”



- Start relocation conversations earlier
- Greater inspection coordination; would be helpful if one entity took authority, and then one inspection suffices for all other entities; issue where developers will receive conflicting feedback (e.g. DCHFA and DHCD)
- Prior to marketing and pre-leasing, need to have discussions with DCHA, DHCD, DBH, DHS around challenges of LRSP and Coordinated Entry process
- Greater DHCD presence at site may help with draw process
- Would be more straightforward to have one group serving District funds for the draws, eliminating duplication of paperwork and review at DHCD and DCHFA (a model for an alternative is NYC, where funds are given right to NY HFA equivalent - one point of contact, one submission of draws, etc)

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# Federal Emergency Rental Assistance Program Overview

Department of Human Services

# Overview of New Federal Funds

The District has received \$350 million to assist households unable to pay rent and utilities due to the COVID-19 pandemic.

## Use of Funds

- Assistance can be provided for 12 months, though an additional 3 months can be provided to ensure housing stability. Financial assistance for prospective rent payments is limited to three months at a time up to the 12-month limit.
- Payments are made to landlords or utility companies on behalf of renters but can go to renters if landlords are unresponsive to US mail within 14 days or if telephone, electronic, or other outreach attempts over 10 days are unsuccessful.
- Landlords are explicitly allowed to assist tenants in applying, but tenants must sign the form and receive notice of the application.

# Overview of New Federal Funds

## Eligibility

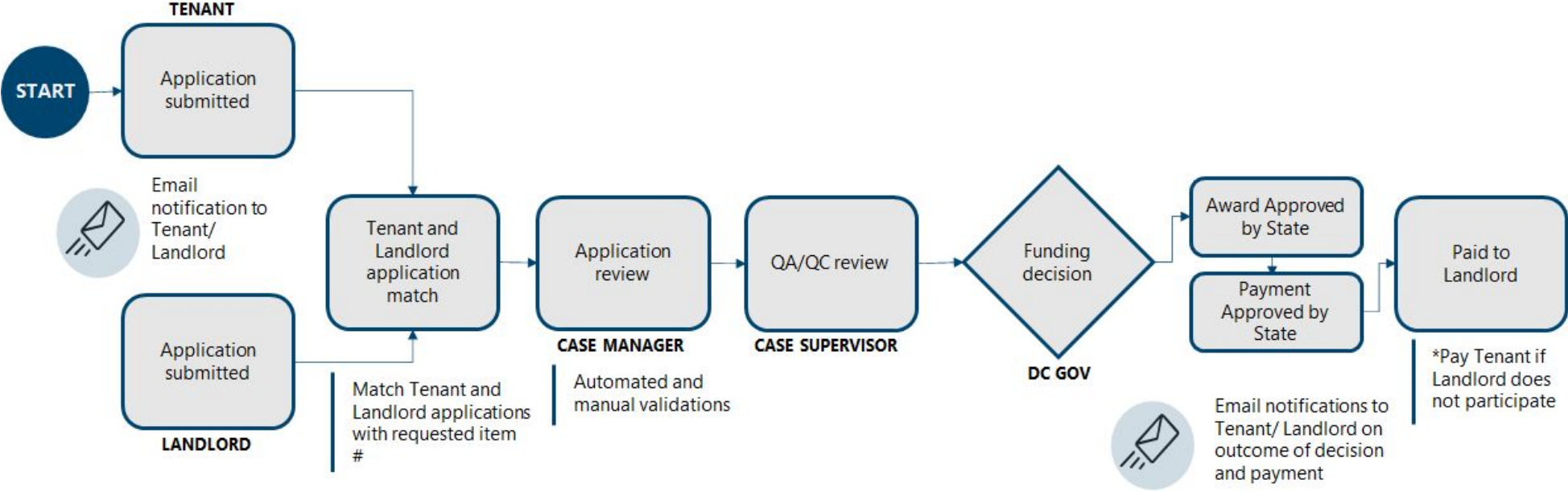
- Eligible if one or more individuals:
  - Has qualified for unemployment benefits.
  - Can attest in writing that they have experienced a reduction in household income, incurred significant costs, or experienced other financial hardship due, directly or indirectly, to the pandemic.
- Must demonstrate a risk of experiencing homelessness or housing instability (rent and utility arrears are themselves sufficient).
- There are no restriction on those who have housing subsidies or those who are undocumented.

## Documentation

- Federal requirements include proof of identity, income, rent, need, and eligibility
- In some cases, self-attestation can be utilized for people missing certain required documents.



# Application Process



# Administration and Prioritization

**Federal Prioritization:** Households below 50% AMI or more than 90 days of unemployment.

**Administration:** The new program will be administered jointly by DHS and DHCD. The District has contracted with Deloitte to quickly build a streamlined application system. Deloitte is also managing a contact center to answer questions about rent assistance.

- you can apply at [stay.dc.gov](https://stay.dc.gov).
- If residents have questions about the program or about how to apply, they should call the program's Contact Center at 833-4-STAYDC or 833-478-2932.
- As an additional resource you can [access our FAQ document here](#).

# Communication and Outreach Plan

- Communication & Outreach:
  - Outreach efforts, led by DMPED and DHCD, include a website, media campaign, and grassroots outreach with trusted community entities.
  - Outreach effort will be ongoing (while funds are available) to ensure residents have the resources they need.

# THANK YOU!

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# PEP-V lease up sprint update

- Since Dec 1, 151 clients have exited PEP-V with a PSH/TAH voucher. Since March 2020, 225 clients have exited PEP-V with a PSH/TAH voucher.
- 167 PEP-V clients are matched to PSH/TAH and are in the lease up process. Of these, 76 people are currently searching for a unit.
- People are selecting units and leasing up each day. In the last week, 8 people were scheduled for lease up.
- DHS, DCHA and DMHHS identified lessons learned and recommended changes that should speed up the lease up process for all PSH/TAH clients.

# Selected Lessons learned

- The creation of a data dashboard to track the voucher process provided broad visibility into the work for leadership and other partners to support through path clearing and resources
- The voucher process can allow for several steps to occur simultaneously which reduces the overall time to lease up (e.g. Unit viewing occurring during the eligibility determination process)
- Weekly meetings with staff from DHS and DCHA allowed for real time trouble shooting
- Bi-weekly case conferencing with PSH providers allowed for real time trouble shooting
- Officially partnering with other agencies supported critical sections of the voucher process. (e.g. Partnering with OCTO allowed for DC One cards to be provided same day to several clients)



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