

**Written Testimony of Ann Brennan Gass
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**Hearing before the House Financial Services Subcommittee on Housing, Community
Development and Insurance on the Rental Assistance Demonstration Successes in Austin, TX
February 5, 2020**

Chairman Clay, Ranking Member Stivers, and members of the Subcommittee, thank you for the opportunity to testify on behalf of the Housing Authority of the City of Austin, also known as HACA.

My name is Ann Gass, Director of Strategic Housing Initiatives for HACA. I have been with the agency for almost 20 years and have served in a variety of roles throughout the organization. For the last four years, I have served as Director of Strategic Housing Initiatives, overseeing HACA's conversion to HUD's Rental Assistance Demonstration program, or RAD.

The Housing Authority of the City of Austin has been around as long as public housing. Austin is home to some of the oldest public housing in the country under the 1937 US Housing Act, some of which was built in the late 1930's. The Housing Authority has continued to innovate and adapt to maintain and improve 1,839 units of public housing as well as manage over 6,000 housing choice (HCV) and other rental assistance vouchers.

We house more than 25,000 individuals every day, individuals who are among the most vulnerable Austinites and who would otherwise not be able to afford to live in the city. Ten percent are seniors over 62 years old, 25% are persons with disabilities, and approximately 50% are children.

Maintaining our housing assets is crucial, as the demand for affordable housing continues to increase. The latest projections are that Austin needs an additional 60,000 units over the next 10 years to keep up with demand. HACA alone has over 10,000 families on our various waiting lists. During our last Housing Choice Voucher waiting list opening in 2018, over 17,000 families submitted applications, with 2,000 randomly selected in the lottery process and ultimately added on the waiting list.

These HUD programs remain at risk, subject to reduction or elimination of funding. The Rental Assistance Demonstration Program, or RAD, seeks to address some of that volatility and history of inadequate funding.

RAD at HACA

RAD was the brainchild of the talented HUD staff led by Secretary Shaun Donovan during the Obama administration, and has continued through the tenures of Secretaries Julian Castro and Dr. Ben Carson. Since 2012, HUD has overseen the conversion of almost 130,000 public housing units under this demonstration, which addresses the backlog of capital needs by allowing Public

Housing Authorities (PHAs) to leverage their aging yet valuable assets to make much needed capital improvements. RAD allows the private market to invest and make reasonable returns while helping to fund these needs and to improve the look and feel of these assets. It also allowed us to go a step further and increase the supply of affordable housing by combining RAD with other affordable housing tools that have been around for many years, like the Low Income Housing Tax Credit and Section 18 Disposition programs.

HACA has used these tools to reposition our 1,839 public housing units and ensure the viability of the assets for decades to come. Those physical improvements, coupled with the reliability and stability of a long-term Section 8 contract with HUD that comes with RAD, means that RAD is a program that keeps public housing operational for the long term, albeit under a different platform. HACA is not privatizing public housing; we continue to retain ownership of the assets.

All of this combined bring us to the reason everyone at HACA, and PHAs across the country, come to work each day – the well-being of our residents. RAD has allowed us to improve their quality of life in countless ways. In the properties we have modernized, residents now have new appliances, flooring, paint, kitchens and bathrooms. More importantly, we have also been able to add amenities to many units that most of us take for granted, such as central air conditioning, dishwashers, garbage disposals, and even washers and dryers. These modern amenities, that are a given in a market rate apartment complex, are new to public housing residents, and we would not have been able to do it without RAD. The properties that we have completely rebuilt have also improved the surrounding community. The old public housing built in the 1930s is now being replaced by buildings and green spaces that look like the market rate properties around them. We have also doubled the number of accessible units for persons with disabilities and mobility needs.

Why RAD? Why now? To put it simply, the old public housing funding platform has failed our residents, in its inadequacy and inconsistency of funding. Public Housing subsidy came from two sources – operating funds and capital funds. Operating funds were meant to fund operations – salaries, maintenance expenses, insurance, etc. Capital funds were meant to cover capital improvement needs. When RAD came into being in 2012, there was a \$26B backlog of capital repairs in public housing nationwide, which has only continued to grow. This backlog demonstrates how underfunded Capital Funds have been – for decades now. The operating funds were also underfunded, through routine prorations – meaning whatever it cost a PHA to operate a property was prorated – 85%, 90% - not enough to properly run and maintain an apartment complex.

This instability ultimately impacts the surrounding community and the most vulnerable participants in this program - the people we are meant to serve – the residents to whom we are to provide a safe, decent, sanitary home.

HACA chose RAD, not to devolve ourselves of public housing, but to reinforce our ability to work towards our mission and serve our community and the same resident population we served under the public housing program. This reinforcement came in the form of the capital improvements I have already discussed and a long-term Section 8 contract through Project

Based Rental Assistance. This is stability and predictability we did not enjoy under the public housing program.

Resident Involvement throughout RAD Planning

Because they are the most impacted of all, HACA made residents the focal point of our planning efforts with RAD. We were determined to ensure that at every phase of planning and implementation, we did it in partnership with residents. This was done in a multitude of ways:

- Robust communication. We held many meetings with our families, at times even monthly or more. We also asked our resident leaders for time on every Resident Council's meeting agenda to ask for their participation and to get input on how to meaningfully involve residents. We held several on-property RAD office hours the day after meetings in case residents had follow up questions or concerns that were not expressed during the larger meeting
- We arranged for language translators and invested in translation equipment for every resident meeting to ensure that all residents understood the content of the meetings and could ask questions and engage in the discussions
- We created a dedicated HACA RAD website, established a toll-free HACA RAD hotline, and email address so residents could reach out with any questions or concerns
- We placed property-specific inserts in our monthly resident newsletters to keep families updated on upcoming meetings, focus groups and other pertinent RAD news
- We placed prominent signage at every RAD converting property's main office that kept residents apprised of meetings and planned improvements that residents had requested

We also recognized early on that we needed to put RAD into terms that the layperson could understand...something to make it clear how RAD would impact the day-to-day lives of our residents and neighbors. Rental Assistance Demonstration or RAD doesn't mean much, even to those of us in the industry, so we came up with PIC - Protections, Improvements and Choice.

RAD = PIC

"Protections" refers to the requirement that any resident who lives at a converting property the day before it converts, has the right to be a resident the day after it converts. This is especially important for residents who are temporarily relocated due to construction. They have an absolute right to return after construction is complete. "Protections" also refers to the resident's rent payment. The rent is still calculated based on 30% of the resident's monthly adjusted income.

"Improvements" refers to the physical improvements each property receives as part of the conversion. This is not limited to just unit improvements, but also common area and site improvements, including playscape improvements and shade canopies, new barbecue grills, benches and tables to name a few. The improvements were determined in partnership with residents through surveys, focus groups and discussions.

"Choice" refers to a RAD component called Choice Mobility, which gives residents the opportunity to be placed on a list for a Housing Choice Voucher after two years of residing in a

RAD converted PBRA property. HACA's first round of conversions hit the two-year mark in December 2017. About 15% of the residents who were eligible for a voucher applied for one. Based on the level of excitement over Choice Mobility when we first introduced it, we expected more residents would take advantage of it. We take pride in the fact that most residents decided to stay in their newly renovated properties. This indicates that the improvements we made, informed by resident involvement and input, have indeed helped to improve their quality of life, which was our ultimate goal in implementing this program.

We used this acronym, PIC, at every resident meeting – and there were scores of them. We used small group discussions, power points, surveys and a lot of question and answer sessions to bring the residents into the planning process. We also brought researchers and scholars who study mixed-income developments. All of these things contributed to what we now understand so clearly about this process. It's not revolutionary or extraordinary; in fact, it's quite simple. The people who live it every day, the residents of the property and the people who work with them every day should be the architects of this change. Through RAD and PIC, HACA has done its best to reinforce this mantra every day.

This is most evident in our Resident Protection Team (RPT), or as we like to call it, our "Give HACA Hell" department.

Led by a HACA staff member and a local community and tenant advocate, this team is made up of every stakeholder we could think of – resident leaders, the local utility companies, the school district, the transportation authority, county mental health service provider, after school programs like Boys and Girls Clubs of Austin, Meals on Wheels – all of whom play a role in our residents' lives. The group meets once a month alongside our resident relocation consultants to discuss the impact of RAD on our residents and find solutions to resolve any potential negative impact identified.

This has been particularly helpful with the temporary relocation of residents that is necessary when performing deep rehabilitation or a full redevelopment. For example, the school district helped us get transportation for students whose families were temporarily relocated. The utility company worked with residents to transfer utilities, and allowed them to complete the transfer seamlessly. The Resident Protection Team has been an extremely effective tool in making what is at best an inconvenient process, into a more bearable experience. This model was even awarded an industry award of merit by NAHRO for its effectiveness in resident relocation efforts.

CONCLUSION

I must acknowledge that RAD conversion is by no means perfect or easy. It has been challenging, on residents and staff alike. In fact, this is likely the hardest thing HACA has undertaken in its 80 years. We did it, not to devolve ourselves of public housing, but to reinforce our ability to serve our residents – the same residents we served under the public housing program. This reinforcement came in the form of capital improvements and a long-term Section 8 contract – stability that was absent from the public housing program.

The task has been made easier by an outstanding team at HUD. The leadership that has worked on RAD since the beginning, made up of a core group of professionals like Greg Byrne and Tom Davis, is one of the strongest I have worked with. Removed from politics, and with significant experience and knowledge of the inner workings of HUD, Tom and his team at HUD's Office of Recapitalization have been creative, forward thinking and solutions oriented. Their help navigating this program has been invaluable.

Now, as we look back at the 1,739 units we have converted under RAD, with fewer than 100 units to go, we can quantify the impact RAD has had.

- \$80M invested in the local economy through construction projects
- \$35M in reserves set aside for future capital repair needs.
- Almost 500 units significantly rehabilitated and brought up to modern standards.
- 118 units, some built as many as 80 years ago, with no central air or handicapped accessibility or modern amenities, have been demolished – to be replaced by 276 brand new, mixed-income units that will bring much-needed additional affordable units to Austin .
- Most importantly – a better quality of life for hundreds of families in Austin and their surrounding communities.

Thank you for your efforts to support Housing Authorities throughout the country. It has been an honor to represent the Housing Authority of the City of Austin to testify on our efforts to improve resident quality of life, ensure meaningful resident engagement and increase affordable housing in Austin.

SAMPLING OF HACA'S RAD ACTIVITIES IN PHOTOS

4% LIHTC Rehab – Gaston Place

- 100 units
- \$7.5 million in rehab
- RAD Scope
 - Full Interior Unit Rehab
 - Common Area Rehab
 - New Roof/Paint/Siding



4% LIHTC Rehab – Gaston Place

- ITEX Group - Developer
- Bellwether Enterprise - Lender
- Bank of America - Investor

BEFORE



AFTER



9% LIHTC Reconstruction Pathways at Chalmers Courts



158 Units
in Central East Austin.
Built in 1939.

TEAM

Carleton Residential
Trey more Construction
Nelsen Architects

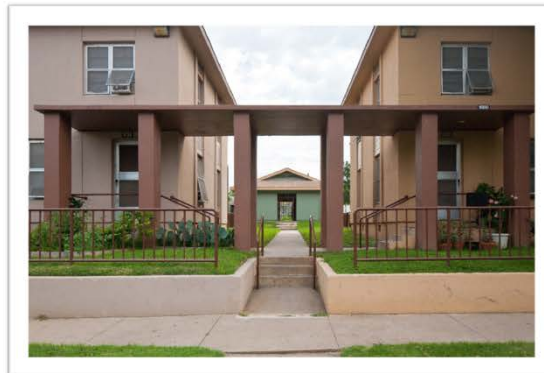
9% LIHTC new construction – Chalmers Courts

NOW - 158 Units

- 56 Families with Children
- 114 Children
- 38 Elderly
- 105 Disabled

NEW - 394 Units

- >50% family units
- >275 Children projected post redevelopment
- 10% Handicapped Accessible





PATHWAYS AT CHALMERS COURTS SOUTH OPENED FALL OF 2019



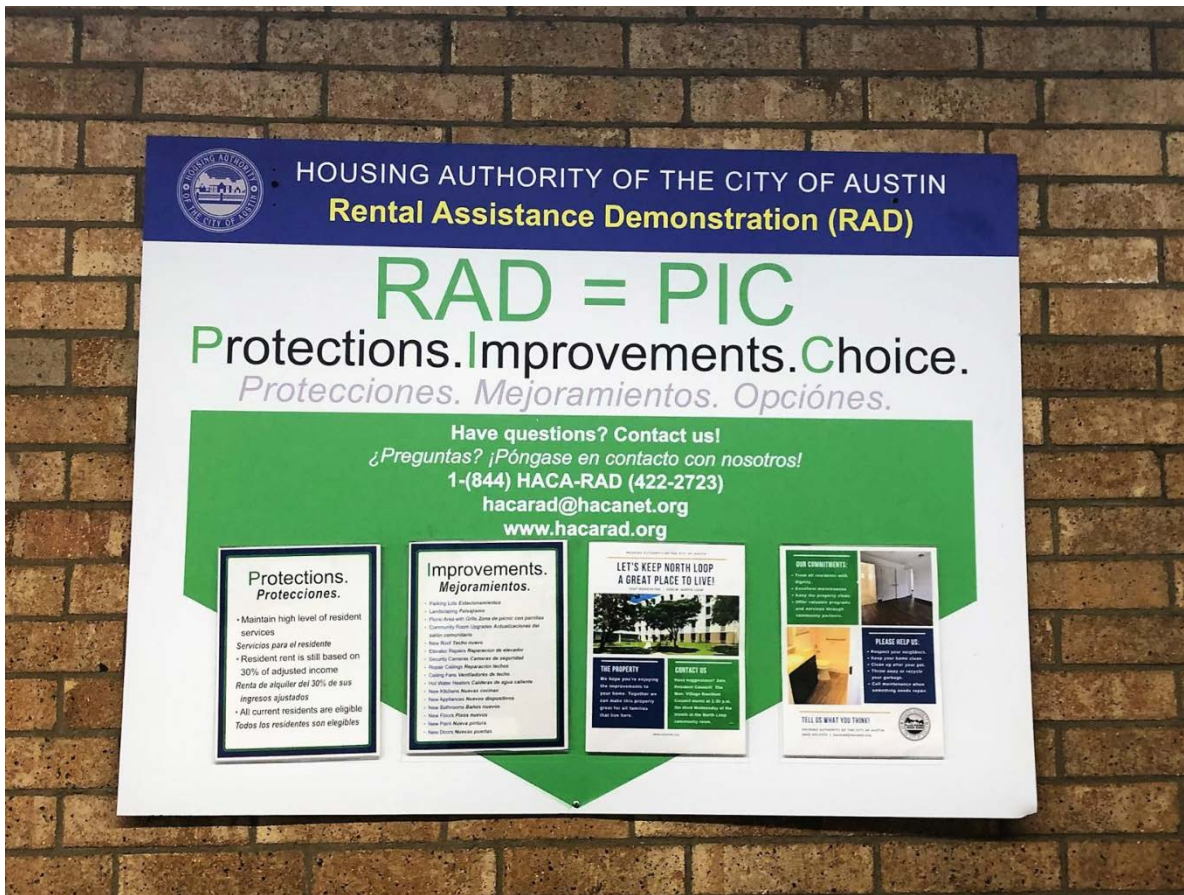
PATHWAYS AT GOODRICH PLACE WILL OPEN THIS SPRING 2020. ORIGINALLY 40 UNITS OF PUBLIC HOUSING, IT WILL NOW PROVIDE 120 UNITS OF AFFORDABLE HOUSING



HACA YOUTH FROM PATHWAYS AT SHADOWBEND ENJOYING THE NEW SHADE CANOPY OVER THE PROPERTY'S PLAYSCAPE. THE CHILDREN OF THE PROPERTY SELECTED THE CANOPY COLOR DURING RAD PLANNING.



PHOTOS FROM TWO OF THE MANY RESIDENT MEETINGS TO DISCUSS RAD PROGRAM



RAD = PIC SIGNAGE AT ONE OF HACA'S RAD-CONVERTED PROPERTIES



LISA MARTINEZ IS A MOTHER OF FIVE. WHEN SHE WALKED INTO HER NEWLY RENOVATED UNIT AT MANCHACA VILLAGE AND SAW HER DISHWASHER – A NEW ADDITION TO THE 3 AND 4 BEDROOM UNITS - SHE WALKED RIGHT OVER AND HUGGED IT!