

Local Rent Supplement Program

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What is the Local Rent Supplement Program (LRSP)?

LRSP is a tool being used to provide housing for District residents with extremely low-incomes, including those with special needs. It does so by preserving and producing affordable housing and by providing direct rental assistance in the form of vouchers.

Why was it created?

District residents have been suffering through an affordable housing crisis for years. As poverty and homelessness have risen, federal affordable housing funding has declined, leaving thousands of District households on the D.C. Housing Authority waiting list with no hope of relief. LRSP was created to be a flexible locally controlled funding tool to create adequate affordable housing to meet the pressing need.

When did LRSP start and how big is the program?

LRSP is a local program that started in Fiscal Year 2007, and it is part of the District's local funding to the DC Housing Authority. In the first year of the program, LRSP was funded at \$11.7 million. In FY 2008, the program was funded at \$19.4 million. In FY 2009, LRSP was approved for funding at \$21.4 million, but the \$2 million increase was cut in fall 2008; the same \$2 million increase was approved but cut again in FY 2010. After several years during the Recession in which LRSP funding was essentially kept static to balance the budget, funding was added for Fiscal Year 2014 to bring the LRSP portion of the DCHA Subsidy to approximately \$28 million.

What can LRSP do, and what has it done already?

- **About 700 households have received tenant-based vouchers**, modeled after the federal Housing Choice Voucher Program, and are using them in apartments and houses across the District. LRSP makes up the difference between what low-income households can pay and the actual rent.
- **About 1,100 project- and sponsor-based affordable housing units have been approved for construction or are already created**, to serve every Ward except Ward 3.
 - Project-based supplements are tied to particular buildings, like the federal Project-based Section 8 program, and cover the difference between what a qualified tenant can afford to pay and the actual costs of providing the housing.
 - Sponsor-based supplements are funded in a similar way, but the non-profit awardee has the flexibility to use the funds in different buildings or even to lease private units with the funds. Such awardees often serve community members with special needs by providing a wide range of supportive services with the housing, making it a natural match for implementation of the Mayor's Permanent Supportive Housing/Housing First Initiative.
- **The Housing Authority has made some of the LRSP funding available as part of a Consolidated RFP issued in 2013 by the DCHA, DHCD, DCHFA, DHS and DMH (now DBH)**. The RFP will enable development of **more than 1,000 additional units of housing** including Permanent Supportive Housing for special-needs populations.
- **Some of the project-based units are preserving housing for extremely low- income residents who could otherwise be displaced**. LRSP can be used to pay a portion of the rent or limited equity coop fees for tenants who are purchasing their building but cannot afford their share of the cost.

What is the relationship between LRSP and the Housing Production Trust Fund (HPTF)?

HPTF and LRSP work together to make housing available to the District's lowest-income residents, i.e., those with incomes at or below 30% of the Area Median Income. HPTF can cover some of the cost of acquiring land, building new housing or acquiring and renovating existing housing. LRSP is needed to make the rents affordable once the building is in operation. These funds also leverage millions of dollars in private equity.

Is LRSP cost-effective? Does it save the District money?

LRSP leverages millions of private-sector dollars, such as private donations, conventional debt or bond debt, and tax credit equity, to create affordable housing. Use of LRSP provides the owner sufficient rent to operate the building and repay private sector debt, significantly reducing the amount of financing required from the HPTF. And housing provided through LRSP saves the District \$11,000 - \$21,000 a year per person or family as compared with emergency homeless shelter services.

Why does program funding need to increase every year?

Because of increases in costs for rents and operation, flat funding of the program will result in fewer households served each year. LRSP needs annual modest increases just to serve the current participants in the program. Funding must be increased above the base line and above inflation to make additional housing units possible; the urgent need for affordable housing combined with the need to use current development capacity (before that capacity is further eroded by the recession) makes it urgent to use program funding to develop more housing units now.

What opportunities do we have with LRSP that we do not with federal housing programs?

Because LRSP is locally funded and controlled, we have an opportunity to create a more streamlined, efficient program that better meets the needs of District residents and is tailored to our community.

What District goals can LRSP help effectuate?

LRSP can be used to meet many of the District's goals, including implementation of the Comprehensive Housing Strategy Task Force recommendations, the District's Permanent Supportive Housing/Housing First Initiative, the Homeless No More plan, and the federally-mandated "Olmstead" or de-institutionalization plan; reduction of the DC Housing Authority's waiting list; neighborhood stabilization; and development of a stronger, more inclusive community.