SAN DIEGO HOUSING COMMISSION

TESTIMONY BY
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U.S. SENATE
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON TRANSPORTATION, HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES

HEARING ON HOUSING VULNERABLE FAMILIES AND INDIVIDUALS – IS THERE A BETTER WAY?
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INTRODUCTION

Good morning, Chair Collins, Ranking Member Reed, and members of the subcommittee. I am Richard C. Gentry, the President and Chief Executive Officer of the San Diego Housing Commission, which serves low-income residents in the city of San Diego—the eighth largest city in the nation and second largest city in California. I am honored to be here today to testify about Federal Section 8 Housing Choice Voucher rental assistance and public housing.

I began working in San Diego in 2008; however, my experience in affordable housing spans 44 years—beginning with the U.S. Department of Housing and Urban Development (HUD) in 1972. I have served as the CEO of the public housing authorities in Austin, Texas, and Richmond, Virginia, as well as working in the private sector as the Senior Vice President of Asset Management for the National Equity Fund in Chicago, Illinois, the nation's largest nonprofit Low-Income Housing Tax Credit syndicator, and as the Vice President for Public Housing Initiatives at the Local Initiatives Support Corporation (LISC) in Washington, D.C. My opinions today reflect the diversity of my background and the breadth of my experience.

Federal housing programs should be guided by two principles:

1) Achieving the greatest benefit of the program for the low-income families that are served; and
2) Maximizing efficiencies in the expenditure of taxpayer funds.

With this in mind, methodologies need to be evaluated to determine if they are the best practices to accomplish the mission of assisting individuals and families in the most effective way.

As methodologies are evaluated, two additional factors are essential to consider:

1) Housing Choice – Low-income families are transformed from "clients" into "consumers" when they are able to make choices, which empowers them. A lack of choices hinders families from reaching the middle class.
2) Local Decision-making – Different jurisdictions across the country have unique housing needs. With this in mind, decisions are most effective when they are localized as often as possible and are made at the level closest to the jurisdiction.

Public Housing and Section 8 Housing Choice Voucher Rental Assistance - History

Federally funded public housing in the United States dates back to the Housing Act of 1937, which provided Federal funds to public housing for low-income working class families. However, public housing proliferated after the Housing Act of 1949, which began applying income limits so that public housing served low-income residents, while working class families were supported in their access to private sector housing.

HUD was created by legislation in 1965 to oversee Federal housing programs for vulnerable low-income households, such as seniors, individuals with disabilities, and families.

The Housing and Community Development Act of 1974 and subsequent revisions to it, along with program rules from HUD, created the Section 8 Housing Choice Voucher rental assistance program.

It is important to note that private sector rental housing today continues to provide the majority of the rental housing opportunities for both Americans who receive Federal housing assistance and those who do not.

According to HUD, approximately 1.1 million American households live in public housing, which is 1 percent of the approximately 116 million households in the United States, based on U.S. Census Bureau data. In addition, approximately 3.4 million households, or 2.9 percent of all households in the United States, receive Federal Housing Choice Voucher rental assistance or Project-Based rental assistance, according to HUD's proposed budget for Fiscal Year 2017 (October 1, 2016 – September 30, 2017).

With that said, I believe that the United States' traditional public housing program is no longer viable in its current form to continue serving the needs of low-income Americans. America's traditional public housing program has been, since its inception, a top-down, one-size-fits-all, centralized, command-and-control program operated in Washington, D.C., that is intended for implementation uniformly across the country. In a country as large and diverse as the United States, a public housing program with centralized mandated rules does not work.

This is not criticism or denigration of the low-income individuals and families who live in public housing or those who operate the program. However, the program's structure is flawed and needs to be changed to more efficiently use taxpayer resources to serve the housing needs of low-income Americans.

The public housing program reflects an assembly line methodology of producing a high volume of uniform housing across jurisdictions, which was better suited to American culture decades ago in the 1930s, 1940s and 1950s.

However, today's culture reflects the influence of technological advancement and is analogous to a network of smartphones and personal computers supported by a standard structure, but with variabilities to meet individual needs. The Section 8 Housing Choice Voucher rental assistance program better serves this culture, delivering individualized assistance tailored to the needs of the individual customer.

The Section 8 Housing Choice Voucher rental assistance program is the most useful affordable housing program that I have seen the Federal government develop in my 44 years working with affordable housing. It is the most effective option available in the United States today and in the future for providing affordable housing for low-income individuals and families.

In addition, it is important to keep in mind the need for funding at appropriate levels if public housing is converted to Housing Choice Voucher rental assistance. In its Fiscal Year 2017 budget, HUD proposed funding approximately $9,500 per family for Housing Choice Voucher rental assistance ($20.9 billion for 2.2 million families), compared with approximately $5,863 per family for public housing ($6.45 billion for 1.1 million families). Therefore, to successfully address affordable housing needs, the conversion of public housing to Housing Choice Voucher rental assistance requires a corresponding increase in funding per family.

As this subcommittee considers the question, "Housing vulnerable families and individuals – is there a better way?" I submit that providing affordable housing opportunities should look much like the San Diego model, with the innovative approaches we have implemented at the San Diego Housing Commission (SDHC).

PUBLIC HOUSING CONVERSION – THE SAN DIEGO MODEL

A landmark agreement on September 10, 2007, between SDHC and HUD transferred full ownership and operating authority for 1,366 public housing units to SDHC—the largest public housing conversion at the time.

“San Diego knows more about what San Diego needs than the federal government does. And when San Diego came to me and said we need to do this, I was compelled to listen,” said Orlando Cabrera, the former HUD Assistant Secretary, who approved the landmark agreement with SDHC.

SDHC paid HUD $1,366 – a nominal $1 per unit – to acquire 137 properties with a combined fair market value of $124.2 million. All the properties were debt-free.

In exchange, SDHC committed to leverage the equity lying fallow in these former public housing units to create at least 350 additional affordable housing units—a number SDHC far surpassed.

The SDHC Board of Commissioners and the San Diego City Council approved SDHC’s application to withdraw from HUD’s public housing program, which HUD also approved.

“What the San Diego Housing Commission did was basically say we can’t rely on the federal taxpayer to continue to maintain units, because it’s not serving our residents well. It’s not serving our community well. They essentially took resources, and then they created better units with them,” said former HUD Assistant Secretary Cabrera.

- **Creating and Preserving Additional Affordable Housing**

  SDHC presented HUD with a variety of options it was considering to fulfill the obligation for the creation of additional affordable rental housing units.

  HUD responded on Oct. 17, 2008, by approving seven options, all of which required SDHC to have a property ownership.

  Ultimately, SDHC chose two courses of action that would create and preserve affordable housing for families in the city of San Diego:

  1. Purchase the land and provide a loan and ground lease to the developers. After the 15-year tax credit compliance period, SDHC would have the option to buy the public-private partnership properties.
  2. Purchase property directly or in partnership with a government agency.

Also required were a series of administrative steps to obtain the appropriate local approvals from the SDHC Board of Commissioners and the San Diego City Council, sitting as the Housing Authority of the City of San Diego.

These approvals would bring about internal changes to past operating practices and set up SDHC for the financing and ongoing management of the public housing conversion program.

SDHC then implemented an innovative Finance Plan that was developed in 2009, which leveraged significant private sector financial investment.

San Diego City Councilmember Todd Gloria, who served on the SDHC Board of Commissioners at the time the agreement with HUD was being negotiated, said: "I think the concern that I had was how do we maintain the solvency of the agency as we saw the subsidy being reduced. That obviously produced a lot of financial challenges to the organization."

SDHC leveraged the equity from this new real estate portfolio to create or preserve 810 additional affordable housing in the city of San Diego through direct acquisitions and public-private partnerships. All of the units will remain affordable for at least 55 years.

- **Minimizing Financial Risk**

In its loan underwriting, SDHC sought to minimize any financial risk. Among the key elements of the borrowing:

- Both Fannie Mae and FHA mortgage programs were used as sources of borrowing, providing more than one option for capital under circumstances when time was of the essence.
- SDHC limited its use of equity to only 78 converted public housing properties of five units or more, a total of 1,254 units.
- While lenders would have accepted a loan-to-value ratio (LTV) of 80 to 85 percent, SDHC limited itself to 70 to 75 percent, providing additional cash flow to support the debt load going forward.
- Variable interest rates were slightly better at the time, but SDHC used fixed-rate loans only to better quantify its risk, and used 30-year instead of 10-year loans.
- Reserve accounts also were established.

When SDHC closed its loans with Fannie Mae on December 30, 2009, it had raised $37.1 million at a 7.32 percent interest rate.

The FHA loans closed on August 31 and September 30, 2010. SDHC raised $58.2 million with a 3.76 percent interest rate.

- **Rehabilitating Former Public Housing Units**

Lender requirements prompted SDHC to collect financial statements, rent rolls, appraisals, title and zoning reports, regulatory agreements and other documents – as many as 80 reports per property – on the 78 former public housing properties that were leveraged.

After the properties were reviewed, lenders requested that SDHC perform critical and non-critical repairs. While the original work list was lengthy, it was limited in scope.

SDHC capitalized on this opportunity to expand the scope of work and provide a more comprehensive rehabilitation program than what was required by the lenders. At the conclusion of rehabilitation, nearly $3.2 million had been invested in the physical assets.

- **Housing Choice Vouchers for Residents**

When the former public housing units converted to SDHC ownership, residents were provided with Federal Section 8 Housing Choice Vouchers.

They could then use the vouchers at their existing units or take them with them as rental assistance to another rental home of their choice.

This expanded the opportunities for affordable housing to hundreds of additional San Diego families and provided them with more choices.

Approximately 50 percent of the residents chose to stay at their existing units.

Vacancies in SDHC properties were filled with families who met the income eligibility established in the agreement with HUD.

- **Local Action Amid Declining Federal Investment**

The public housing conversion emerged from a growing realization by the SDHC Board of Commissioners and executive leadership that SDHC's dependence upon the Federal government's historic investment in construction and maintenance of public housing could not be sustained under the current Federal model.

Federal public housing subsidies for operations and maintenance were based on a formula, were not keeping pace with need, and were counterproductive to good private sector management techniques. Across the nation, fewer new public housing units were being developed despite a growing demand for workforce and family housing.

"I think one of the most important things is that it created public-private partnerships, gave the Housing Commission the ability to sustain even more affordable housing units and to serve more people, to serve more families. And today if you look at the environment around us where you see an economic downturn, foreclosures, families who are in greater need than they were before, you know it was a really smart thing to do," California State Assemblymember Toni Atkins, the former Speaker of the California State Assembly and a former San Diego City Councilmember, said in 2012.

On October 2, 2012, SDHC published a special multimedia digital report about the landmark public housing conversion and SDHC's Finance Plan, which is used today by other public housing authorities as a manual to emulate. The report, "Creating Affordable Housing Through Public Housing Conversion," is posted on SDHC's website: http://www.sdhc.org/uploadedFiles/Media_Center/Digital_Reports/PublicHousingConversionReport.pdf

In addition to SDHC's own particular type of public housing conversion, there is another landmark Federal program that provides additional public housing authorities with similar opportunities to transform or enhance their public housing:

- **Rental Assistance Demonstration**

  Nearly four years after SDHC's landmark public housing conversion agreement with HUD, the Federal Consolidated and Further Continuing Appropriations Act, 2012, was enacted on November 18, 2011, creating the Rental Assistance Demonstration (RAD) program.

  RAD allows public housing to be converted to long-term, Section 8 Housing Choice Voucher project-based rental assistance contracts. This conversion under RAD enables properties to obtain private financing to perform maintenance that had been deferred.

  Although SDHC has not yet participated in RAD, we may utilize RAD in the future for our 189 remaining public housing units, and we support the public-private principles RAD is based upon.

PROVIDING FEDERAL RENTAL ASSISTANCE

- **Section 8 Housing Choice Vouchers**
  SDHC's largest program is Section 8 Housing Choice Voucher rental assistance.

  More than 15,000 low-income households in the city of San Diego, including formerly homeless San Diegans and chronically homeless Veterans, receive Federal Section 8 Housing Choice Voucher rental assistance from SDHC.

  These households include more than 37,000 men, women and children.

  Approximately 56 percent of these households are seniors or individuals with disabilities.

  In addition to assisting low-income households to obtain rental housing, SDHC's Housing Choice Voucher program invests millions of dollars in the local economy each year.

  In Fiscal Year 2016 (July 1, 2015 – June 30, 2016), SDHC paid $143,377,584 to approximately 5,600 participating landlords in the city of San Diego, who are essential to providing affordable housing to low-income San Diegans.

  SDHC engages with private sector landlords to establish more affordable housing opportunities by providing Federal rental assistance.

  SDHC partners with HUD to provide the most vulnerable San Diegans with rental assistance to help them locate housing in the competitive, high-cost San Diego rental housing market.

  In addition, this program allows local agencies, such as SDHC, the flexibility to categorize Housing Choice Vouchers in ways that best serve their local communities, such as:

  - Project-Based Housing Vouchers: Federal Project-Based Housing Vouchers are awarded to specific affordable housing developments to provide rental assistance linked to their units. When a tenant moves, the rental housing voucher remains with the affordable housing unit so that another low-income or homeless San Diegan is able to move into the unit and receive rental assistance.

  - Sponsor-Based Housing Vouchers: SDHC awards Federal Sponsor-Based Housing Vouchers to nonprofit organizations, or "sponsors," that provide supportive services to homeless San Diegans. Sponsor-Based Housing Vouchers provide rental assistance that pays up to 100 percent of the tenant's rent, depending on their income level.

- **Moving to Work**

  The U.S. government's creation of the "Moving to Work" program in 1996 established a significant tool to provide affordable housing opportunities, combining the flexibility to foster innovation with continuing government oversight from HUD. Public housing authorities must submit their proposed new MTW programs to HUD for approval.

  MTW lessens the impact of the top-down approach of the public housing program because it provides flexibility and allows local agencies to determine the most effective programs for their communities.

  MTW has been especially significant in the expensive housing markets of California, including San Diego.

  SDHC is one of only 39 public housing agencies, out of 3,400 nationwide, to receive the MTW designation from HUD, which allows flexibility to create innovative, cost-effective approaches to provide housing assistance to low-income families.

  I want to thank the members of this subcommittee for your efforts to extend the contracts of MTW agencies, such as SDHC, for 10 more years, through 2028, which was approved in the Consolidated Appropriations Act of Fiscal Year 2016 on December 18, 2015.

  This Congressional action also will expand the MTW program to an additional 100 public housing agencies across the country. I believe that the MTW program should eventually apply to all public housing agencies other than those identified by HUD as "troubled" to provide them with the structure and flexibility to design programs in their communities.

  In San Diego, the MTW program has allowed SDHC to encourage families and reward them for productive activities, as you will see in my comments about the SDHC Achievement Academy.

  SDHC's MTW initiatives provide: opportunities for Section 8 Housing Choice Voucher rental assistance participants and public housing residents to become more financially self-reliant; funding toward the creation and preservation of affordable housing for homeless San Diegans; and rental housing vouchers to address homelessness.

- **SDHC Achievement Academy**

  A significant component of SDHC's MTW initiatives is that we want to reward households for taking steps to move to work. The SDHC Achievement Academy is a critical MTW initiative to help low-income residents break the cycle of poverty and become more financially self-reliant.

  On October 4, 2010, SDHC opened the SDHC Achievement Academy, a state-of-the-art learning and resource center and computer lab at SDHC's headquarters in Downtown San Diego. The SDHC Achievement Academy provides programs that emphasize career planning, job skills and personal financial education—at no cost to Section 8 Housing Choice Voucher rental assistance participants and public housing residents.

  In Fiscal Year 2016 (July 1, 2015 – June 30, 2016), 1,930 participants received services at the SDHC Achievement Academy.

  The SDHC Achievement Academy's main program is Family Self-Sufficiency (FSS).

  Heidi, age 39, was a homeless, pregnant teen when she began receiving Federal rental assistance from SDHC in 1997. She began participating at the SDHC Achievement Academy in 2012 and enrolled in FSS.

  Working as a waitress, she was able to obtain an associate's degree in 2007. Two years later, she graduated from California State University, San Marcos with a bachelor's degree in criminology and justice studies. In spring of 2016, she earned her doctorate degree in sociology from the University of California, San Diego.

  "There is absolutely no way that I would have had the opportunity to go to school if I didn't have my rent subsidized. I didn't have to work three jobs to support my family. I was able to take that time and go to school. I always felt like I had someone in my corner, someone that supported me, someone that wanted me to be successful, and I'm speaking specifically of FSS," Heidi said.

  Heidi is looking for work as a professor and plans to phase out of Federal rental assistance, making assistance available for another low-income family.

SDHC utilized MTW flexibility to redesign the SDHC Achievement Academy's FSS, program, to provide enhanced opportunities for families to become more financially self-reliant.

Currently, 327 individuals are participating in the SDHC Achievement Academy's FSS program.

A voluntary, two-year program, FSS provides a variety of courses, including: job training, career planning, and financial literacy education, such as budgeting, saving, establishing good credit, and income tax preparation.

Participants are required to follow a career plan and obtain a job working at least 32 hours per week. FSS is available at no charge to the head of household receiving SDHC HCV rental assistance and public housing residents.

SDHC Achievement Academy FSS participants are able to earn up to $10,000 in an interest-bearing escrow account based upon their educational and employment-related accomplishments. Funding for these financial incentives is provided by HUD. FSS program participants may use these funds as they wish when they complete the program.

- **Path to Success**

With the flexibility provided by MTW, SDHC created the Path to Success initiative to encourage Housing Choice Voucher families to become more financially self-reliant.

Under Path to Success, SDHC identifies Housing Choice Voucher rental assistance participants who are able to work (Work-Able).

With approximately 2,800 Work-Able families now paying toward their rent for the first time, SDHC's goal is to expand the Housing Choice Voucher program to those families on the waiting list, if it is financially feasible.

Providing rental assistance to families who are not working requires more federal funds than assisting working families who contribute toward their rent.

<u>Work-Able Families:</u>

- Households with at least one adult who is under 55, not disabled, and not a full-time student ages 18-23.

- Full-time students ages 18-23 are considered Work-Able if they are the spouse, head or co-head of the household.
- Income and household circumstances are reviewed every two years instead of annually.

SDHC sees Housing Choice Voucher participants as partners in utilizing limited federal funds to help as many families in need as possible.

Path to Success sets minimum monthly rent payment amounts for Work-Able families.

New minimum monthly rent payment amounts were implemented for Work-Able families, effective July 1, 2015:

- Households with one Work-Able person now pay a minimum rent of $300 (up from $200); and
- Households with two or more Work-Able individuals now pay a minimum rent of $500 (up from $350).

When the Path to Success initiative was implemented on July 1, 2013, the initial minimum monthly rent payment amounts were based on California's minimum wage standards—$8/hour at the time.

SDHC determined what a Work-Able household could earn working 20 hours a week at minimum wage, and then calculated minimum rent payment amounts that would be approximately 30 percent of that monthly figure.

SDHC's Housing Choice Voucher program includes 6,587 Work-Able households. Of these, 2,814 pay minimum rents.

Work-Able families pay either the minimum monthly rent payment amount or the rent payment amount based on the family's annual income, whichever is greater.

Adjusted annual income is separated into income ranges. The lower edge of the range is used to calculate the family's rent payment.

<u>Example:</u>

- The monthly rent payment amount for any family with adjusted annual income between $20,000 and $24,999 will be calculated using $20,000 as their income.

- It is possible that a family's monthly rent payment amount may decrease under Path to Success.

Hardships

Families may apply for a temporary hardship exemption from the minimum monthly rent payment amounts.

If the exemption is approved, the household is required to participate in SDHC Achievement Academy work readiness programs for the duration of the hardship period.

Elderly/Disabled Families:

The Path to Success minimum rent payment amounts do not apply to Elderly/Disabled households:

- Households where all adult family members are 55 or older, disabled, or a full-time student ages 18 to 23.
- Income and household circumstances will be reviewed every two years instead of annually.
- The minimum monthly rent payment amount for an Elderly/Disabled family is $0.

- **Choice Communities**

In San Diego, one of the programs that helps to achieve economic integration through more economically diverse, balanced communities is SDHC's Choice Communities program (not the Federal Choice Communities program), an MTW initiative that began on January 1, 2010.

SDHC's Choice Communities program helps Section 8 Housing Choice Voucher rental assistance participants move from high- and medium-poverty areas to low-poverty neighborhoods in the city of San Diego.

Since the launch of the program, 290 low-income families in the city of San Diego have been able to move to areas with more options for transportation, schools, and employment opportunities.

Leasing a three-bedroom home from a private landlord was possible for Maria and her two sons, ages 6 and 12, because of SDHC's Choice Communities program. A no-interest loan through the program helped Maria pay the security deposit for the rental home.

"I would not have been able to do that on my own because that's a lot of money for me as a single mom," said Maria, who works in customer service for a local hospital. Maria has received Federal HCV rental assistance for the last six years.

The Choice Communities program:

- Allows a higher monthly rent subsidy, or "payment standard"
- Provides no-interest loans of up to $1,450 for security deposits, to be paid to the property owner, with low monthly repayments
- Provides additional resources, information and guidance to families interested in moving to one of the specified low-poverty Choice Communities

Overall, 807 Housing Choice Voucher families live in Choice Communities, including families who lived in these neighborhoods before the Choice Communities program began or who are new to SDHC's Housing Choice Voucher program and chose to live in these communities.

I believe that, as we move forward, many of the programmatic tools already exist to assist low-income families, as I have shown with the San Diego model for public housing conversion and SDHC's MTW initiatives. To help low-income families move out of poverty, it is essential for local agencies to be provided with the flexibility to choose the options that show the greatest success in their communities. As local agencies make these decisions, they are held accountable by HUD and local governing bodies, such as the SDHC Board of Commissioners and the Housing Authority of the City of San Diego.

ADDRESSING HOMELESSNESS

The flexibility to meet local needs is utterly essential to effective affordable housing strategies. Challenges are not the same in all cities and counties across the country. A specific challenge for affordable housing in San Diego is homelessness.

The San Diego region ranks fourth in the nation in homeless population, behind New York, Los Angeles, and Seattle, according to the Annual Homeless Assessment Report to Congress, published in November 2015.

- **Housing First Model**

  The future of affordable housing includes providing housing opportunities for homeless seniors, Veterans, families, and individuals.

  SDHC is a driving force of the national Housing First model in the city of San Diego – to provide homeless individuals with housing as quickly as possible, with supportive services as needed.

  As an MTW agency, SDHC on July 1, 2010, became one of the first public housing authorities in the nation to receive approval from HUD use Federal rental housing voucher funding to provide long-term housing for chronically homeless individuals.

  HUD also approved SDHC's request to utilize its MTW status to invest its Federal funds to preserve or build affordable housing for homeless San Diegans.

- **HOUSING FIRST – SAN DIEGO**

  SDHC is applying the power of these Federal resources to address homelessness through **HOUSING FIRST – SAN DIEGO,** SDHC's three-year Homelessness Action Plan (2014-17), which was launched on November 12, 2014.

  1. **Award Development Funds – Up to $30 Million** over three years (Up to $10 million each year) to create permanent supportive housing that will remain affordable for 55 years

     To date, SDHC has awarded $12 million in Federal, State, and City of San Diego funds administered by SDHC to four developments, which will provide a total 167 affordable housing units for homeless individuals.

  2. **Commit up to 1,500 Federal Rental Housing Vouchers** for Permanent Supportive Housing to provide housing to homeless individuals and families (Award up to 300 new housing vouchers each year to complement 576 housing vouchers already awarded)

     To date, SDHC has awarded a total of 822 Federal rental housing vouchers.

  3. **Renovate Hotel Churchill – 72 Units of Permanent Supportive Housing**: 56 units for homeless Veterans; 8 units for transitional age youth ages 18-25, such as youth aging out of foster care; and 8 units for adults exiting the corrections system who also need supportive services

The grand reopening of the historical Hotel Churchill was celebrated on Monday, September 19. SDHC worked with our nonprofit affiliate, Housing Development Partners, to rehabilitate Hotel Churchill. SDHC invested $9.2 million in MTW funds; $2.9 million in HOME Investment Partnerships Program funds awarded by HUD to the City of San Diego and administered by SDHC; and $3.2 million in City of San Diego funds administered by SDHC toward the $20.6 million rehabilitation cost.

4. **Invest MTW Federal Funds to Acquire Property** that sets aside 20 percent of its units for permanent supportive housing for homeless San Diegans.

   SDHC invested $15 million in MTW Federal funds to purchase the 120-unit Village North Senior Garden Apartments. Twenty percent of the units – 24 units – are set aside for homeless seniors.

5. **Dedicate SDHC-Owned Housing Units – 25 for Homeless San Diegans**.

   SDHC is one of the first public housing agencies in the nation to commit affordable rental housing that it owns for this purpose.

   This is a rapid re-housing component of **HOUSING FIRST – SAN DIEGO.** Since the program began, 13 families have become financially self-reliant and are now able to pay full rent or have moved to another apartment. The program served 135 individuals, including 87 children and 13 Veterans.

SDHC's multimedia digital report about **HOUSING FIRST – SAN DIEGO** was published on November 21, 2014, and is posted on SDHC's website:

http://www.sdhc.org/uploadedFiles/Media_Center/Digital_Reports/SDHC%20Homelessness%20Action%20Plan.pdf

New initiatives for the second year of **HOUSING FIRST – SAN DIEGO** include:

1. **<u>The 1,000 Homeless Veterans Initiative</u>** – Provide housing opportunities for 1,000 homeless Veterans in the city of San Diego within one year – March 2017.

   Nearly 330 homeless Veterans have secured housing through SDHC's The 1,000 Homeless Veterans Initiative, which has four program components:

- Landlord Outreach – "Housing Our Heroes"
- Rapid Re-housing Assistance
- SDHC Federal Veterans Affairs Supportive Housing Vouchers
- SDHC Federal Housing Vouchers with Supportive Services

2. **The Guardian Scholars Program at San Diego State University (SDSU)** – A nationally unprecedented partnership between SDHC and SDSU to provide rental assistance for up to 100 students who have been homeless or at risk of homelessness

3. **The Monarch School Project** – Federal housing vouchers for 25 families with students impacted by homelessness

News releases about these new initiatives are available on SDHC's website:

– July 20, 2016: The 1,000 Homeless Veterans Initiative
  http://www.sdhc.org/uploadedFiles/Media_Center/News_Releases/NR%20Housing%20Our%20Heroes%20%20Progresss%20Report7.20.16.pdf

– December 3, 2015: The Guardian Scholars Program and The Monarch School Project
  http://www.sdhc.org/uploadedFiles/Media_Center/News_Releases/NR.SDHC-SDSU%20HousingFirstSanDiego.12.3.15.pdf

CONCLUSION

Creating more affordable housing opportunities for low-income families requires innovative solutions that foster public-private partnerships.

As SDHC's experience demonstrates, converting public housing to Section 8 Housing Choice Voucher rental assistance is the type of ingenuity needed to maximize the benefit to low-income families, and to ensure that taxpayer funds are utilized efficiently.

With Section 8 Housing Choice Voucher rental assistance, low-income families are able to choose the housing that meets their individual needs, empowering them to be active consumers instead of clients—an option that public housing does not provide. In addition, the local economy benefits from the infusion of Federal funds paid to private landlords, who are essential partners.

The flexibility afforded by the MTW program enhances Section 8 Housing Choice Voucher rental assistance to achieve additional beneficial results.

As approaches toward affordable housing evolve in the United States, I encourage all of us to be constantly open to identifying a continuously changing variety of solutions and to recognize the importance of both the government and the private sector to meeting the housing needs of our unique communities.