

# JUSTICE FIRST

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## Stop Gentrification and Displacement in Ward 8!

### Join the Campaign to Defend Affordable Housing in Congress Heights

#### What is happening?

Several buildings immediately surrounding the Congress Heights Metro, including four residential buildings, are proposed to be demolished. The plan would create two large towers. One tower will be office space while the second tower will be roughly 200 units of almost entirely market-rate housing. Sanford Capital, the corporate owners of these buildings, has been attempting to clear out residents to pave the way for redevelopment. They have done so using a variety of means, including deliberately allowing units to go into disrepair to the point where they are uninhabitable.

Read about it in the **Washington City Paper**:  
“Gridlock in Congress Heights: A Promised Neighborhood Transformation Gets Messy”  
*By Aaron Wiener, Jan. 22, 2015*

The project also includes one building currently not owned by Sanford. Currently, this building has a 40-year covenant requiring all units to be affordable for extremely low-income tenants. And while the current owner of that building received almost \$1 million in a loan from the District government, today, the building remains vacant. No money has been repaid on that loan, nor has the owner paid any taxes. Despite the dire need for affordable housing, and the outstanding loan, the District is preparing to sell the building very cheaply and wave the affordability covenant – essentially allowing anything to be built in its stead, namely the smaller, market-rate units that Sanford Capital is proposing. These units would be unaffordable to the large majority of Congress Heights residents.

Many tenants have lived in the property between 10 and 40 years, and do not want to be displaced. Given the trend of “development” in D.C. over the last 15 years, there is a real fear this will result in them being pushed out of their neighborhood, and the District itself. These tenants have formed a tenant association and are fighting for a few basic things:

- To assure adequate affordable housing units in new buildings on this site;
- To expose any waste, fraud, or abuse by Sanford, the District and others during this process; and
- To retain their legal rights as tenants in the District of Columbia.

Sanford is already attempting to “negotiate” away tenants’ legal rights by requiring them to sign an “agreement” to give up their right to purchase in order to assure a place in the new

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development, even though District law mandates that most tenants be provided the opportunity to buy their building before it is either sold or demolished by the owner. By requiring tenants to sign away this right, Sanford is attempting to prevent, for instance, tenant ownership of the building as a cooperative.

## Why does this matter?

### Neighborhood dynamics

The areas surrounding the Congress Heights Metro station are set to see major changes in the next several years. The very large St. Elizabeth's development will change the landscape substantially, adding significant market-rate housing and new commercial real estate. It is one of several major developments in Ward 8 that promise to reduce the stock of affordable rental units and raise property taxes, displacing long-term residents and further depleting affordable housing, without adding adequate replacement.

Given these impending developments, we must scrutinize proposed developments in the area carefully. For example, only 8 percent of the square footage in Sanford's proposed development will be dedicated to "affordable housing" (the minimum required by Inclusionary Zoning), but even for this small portion, we don't know to whom it will really be affordable. Inclusionary Zoning defines affordable units as those accessible to people making up to 80 percent of the area median income. In the District, this is roughly \$65,000 per year for a household of three. If that's what we're talking about, then even the rents for these "affordable" units are far north of the means of most families set to be displaced from these buildings. This is a situation where significant numbers of low-income residents could be facing housing stress, and we should know exactly how many affordable units will be lost and gained.

At the very least, tenants should not have to sign away their opportunity to explore alternatives – guaranteed to them by law – just to have their needs and voices considered. But Sanford requiring them to give up their legal right to purchase the building does just that. Shouldn't tenants be able to, for example, explore the possibility of forming a Limited Equity Housing Cooperative? That alternative would turn tenants into owners, and not only would improve their own financial position, but also create a stepping stone for other low-income residents to access ownership of units for years to come.

### Ethics

We all should be concerned about this proposal, which represents a financial loss for the District, and raises questions about bad faith, waste and corruption – from Sanford as well as District agencies.

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Anyone who pays taxes, and we all pay taxes in some way or another, should find a number of elements of this deal very troubling.

First, the deal means a substantial loss for taxpayers, or again, everyone. The District gave out a loan for \$920,100 dollars in 2008 to the owner of a building that is set aside for low-income housing. Not one penny has been repaid. In addition to receiving close to \$1 million, that same owner has paid no taxes. Now, this deal would allow Sanford to purchase a building previously slated for very low-income residents and replace it with apartments that will mostly be accessible only by more affluent people. On top of that, Sanford would be able to do this on the cheap; they would get the property at an extremely reduced price: less than \$300,000. Not only will the District never recoup the loan (that was used purely to line that landlord's pocket), but we will lose these critical units of affordable housing for which that loan was intended.

Further, Sanford's own past actions are troubling. In another Southeast apartment complex, Terrace Manor, Sanford signed an agreement with a tenants association in exchange for the association's right to purchase the building, then promptly reneged. It has not implemented any of the repairs or improvements promised, has maintained poor conditions, and has evicted half of the building's residents. Sanford has failed to repay a District loan, pleading poverty, while simultaneously trying to sell the building. Sanford has a reputation for this – buying low-income buildings under false pretenses, refusing to maintain them in livable condition, and then trying to sell in order to dodge their obligations and line their pockets. This is classic slumlord behavior.

So now we have to ask the tough questions: Why would the Department of Housing and Community Development willingly cut such a large loss – monetarily and in much needed housing units – and why would it work with a company like Sanford?

The District's willingness not only to sell an important low-income property at a loss, but to collaborate with Sanford, indicates at the very least, a lack of accountability, and at worst, direct corruption in District agencies. Before this deal is approved to proceed, we need answers. Any waste, fraud, or corruption needs not only to be exposed, but prosecuted – before irreversible damage is done and people lose their homes.

## The type of D.C. we want to live in

We all know there is an affordable housing crisis in Washington, D.C. The District's supply of affordable units has fallen way behind its need, existing units are dwindling and new ones are barely being built. The model in the majority of the city has been reduction of affordable units and displacement of low-income residents. These are replaced with housing (and people) of higher incomes and significantly less diversity.

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There has been a policy of “dumping” as some call it, or locating necessary social services and affordable housing for the very low-income in East-of-the-River neighborhoods. This is primarily because these areas are seen as politically insignificant and thus of little import to the political elite. Due in part to this practice, Ward 8 has for a number of years now been one of the few areas with a relative abundance of affordable rental and ownership units.

But under this new trend of development plans, Ward 8 would become just like other neighborhoods that have been transformed at the expense of poor and lower-income Black District residents.

Just about every politician, and most people in D.C., acknowledge this is a negative state of affairs. Many hope for an alternative way to make the District more livable for all people. This project is an opportunity to do things differently and prevent the final transformation of D.C. into a place only for the rich, but only if we cut out the corruption and pursue viable alternatives to Sanford’s proposal.

The request is simple: Whatever is built must contain significant meaningfully affordable housing for those most in need, with commitments to keep those units affordable in the coming decades.

## What are the alternatives?

There are several ways this could go differently:

- The existing project could include significant affordable housing in addition to taking other steps to integrate in the existing community’s needs and concerns; or
- The tenants could, using their rights, explore partnering with a nonprofit or private sector developer to become owners of the property, as well as renovate and redevelop the parcel; or
- The District could use the District Opportunity to Purchase Act to buy the building with its own funds. This is exactly what DOPA was created for – to buy buildings (at low cost) in areas that are rapidly gentrifying or at risk, and then develop partnerships between tenants and community organizations to create cooperatives and other alternatives.

Tenants in the District – and specifically, those affected by this questionable proposal – should have the right to explore these opportunities. No one should have to sign away their rights to secure a future in a neighborhood they already call home.

**[Learn more and get involved at JusticeFirst.org.](https://JusticeFirst.org)**