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## DC'S SHORTAGE OF AFFORDABLE HOUSING WORSENING

Rapidly rising housing costs in the District are shrinking the housing options for low-income residents, according to a new analysis of Census data by the DC Fiscal Policy Institute. The District lost more than 5,000 low-cost rental units in just the past three years, DCFPI found. At the same time, the number of low-income households competing for the limited supply of affordable units rose notably.

The new report also finds that affordable housing problems are concentrated among DC's poorest households. Four in five District households with income below 30 percent of the area's median income (\$25,440 for a family of four) pay at least 30 percent of their income for housing; three in five of these households spend *half* or more of their income on housing. In contrast, only one in six households with incomes above 50 percent of the area median (\$42,000 for a family of four) has unaffordably high housing costs.

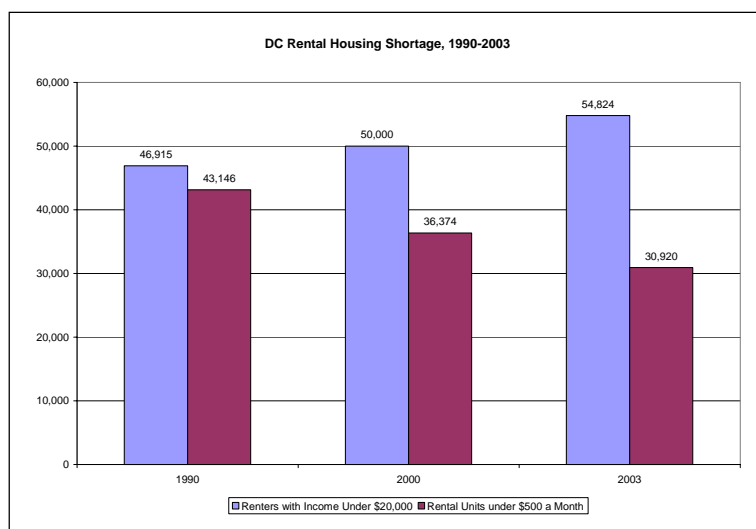
These findings suggest that the Mayor-appointed task force now developing a comprehensive housing strategy for the city should target housing resources significantly on addressing the challenges faced by low-income households.

"The District's fast-rising housing costs affect everyone, but poorer households are much less able to handle those costs," stated Angie Rodgers, a policy analyst at DCFPI and author of the report. "More and more very poor families are facing housing problems that make it harder for them to hold on to their jobs and provide for their children."

### Growing Gap Between Supply and Demand for Affordable Housing

Among the report's findings:

- Between 2000 and 2003, the number of District apartments with rents under \$500 per month fell by 5,000, while District households earning less than \$20,000 rose by almost 5,000. As a result, the gap between supply and demand for affordable housing, which was less than 4,000 in 1990, ballooned to nearly 24,000 in 2003.
- The District's supply of *high-cost* apartments, in contrast, has grown



dramatically. The number of apartments with rents exceeding \$1,000 per month jumped more than 7,000 between 2000 and 2003, from 28,000 to 35,000.

- The trend is similar in owner-occupied units. The number of District homes with values below \$150,000 fell by nearly half between 2000 and 2003, while the number of homes with values above \$500,000 more than doubled.

### **Most Households with Housing Affordability Problems Have Low Incomes**

The federal government states that to be considered affordable, housing should not consume more than 30 percent of a household's income. By that measure, 91,000 District households — more than one in every three — have unaffordably high housing costs. The vast majority (73 percent) of these households have income below half of the area median.

Moreover, 44,000 DC households — almost one in every five households — have what the government calls “severe housing cost burdens,” meaning they spend at least 50 percent of their income on housing. Nearly all (93 percent) of these households have income below half of the area median.

The households most likely to face severe housing affordability problems — those with incomes below 30 percent of the area median — are a diverse group, but they all have limited abilities to absorb rising housing costs. One third are elderly or disabled. Many of the households in which adults are not disabled or elderly have at least one working adult, usually in a low-wage job such as security guard, janitor, or cashier. Other extremely low-income households rely on modest public assistance benefits.

The report notes that federal and District housing programs typically link income eligibility to a percentage of the median income for the Washington *area* — which includes the Maryland and Virginia suburbs — rather than the District itself. The area median income, \$84,800 for a family of four in 2003, is well above the District's median income of \$55,700. This disparity means that housing assistance targeted on “low-income” households — defined under these standards as \$65,000 for a family of four — could bypass the DC families with the greatest housing needs. The report recommends matching housing resources to need by targeting them on families below 50 percent of area median income — and reserving most resources for families below 30 percent of area median.

“While attracting more residents to DC may be a reasonable goal, this actually could make housing problems worse for many current residents,” noted Rodgers. “We need to focus our limited housing resources on residents with the most serious needs.”

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The [DC Fiscal Policy Institute](#) conducts research and public education on budget and tax issues in the District of Columbia, with particular emphasis on issues that affect low- and moderate-income residents.