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NEW CENSUS DATA SHOW DC'S AFFORDABLE HOUSING CRISIS IS WORSENING

By Angie Rodgers

The U. S. Census Bureau recently released new data that show the District economy is stable, with only minor changes in poverty and income.¹ The new data also show, however, that the city's affordable housing crisis worsened in 2004, with rising rents and home values, and a decline in affordable housing units. A DC Fiscal Policy Institute analysis of the new data found the following:

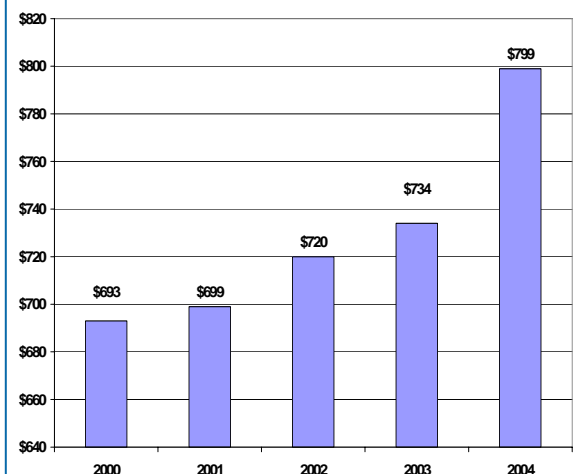
- Median rent in the District increased by almost nine percent between 2003 and 2004 — from \$734 in 2003 to \$799 in 2004. The 2004 increase was much larger than in recent years, when median rent increases never exceeded three percent. (See Figure 1.)²
- Rising rents fueled a loss of units that would be affordable to low-income families between 2003 and 2004. The number of affordable rental units — defined in this analysis as those with rent and utility costs under \$500 — decreased from 29,300 units in 2003 to 26,900 units in 2004. (See Figure 2.) The number of affordable units has declined steadily since 2000, with some 7,500 units lost between 2000 and 2004. (See Figure 3.)
- Moreover, the number of units with gross rent between \$500 and \$1000 — which would be affordable to low- and moderate-income households — also declined by some 15,000 over this same period. (See Figure 3.)

KEY FINDINGS

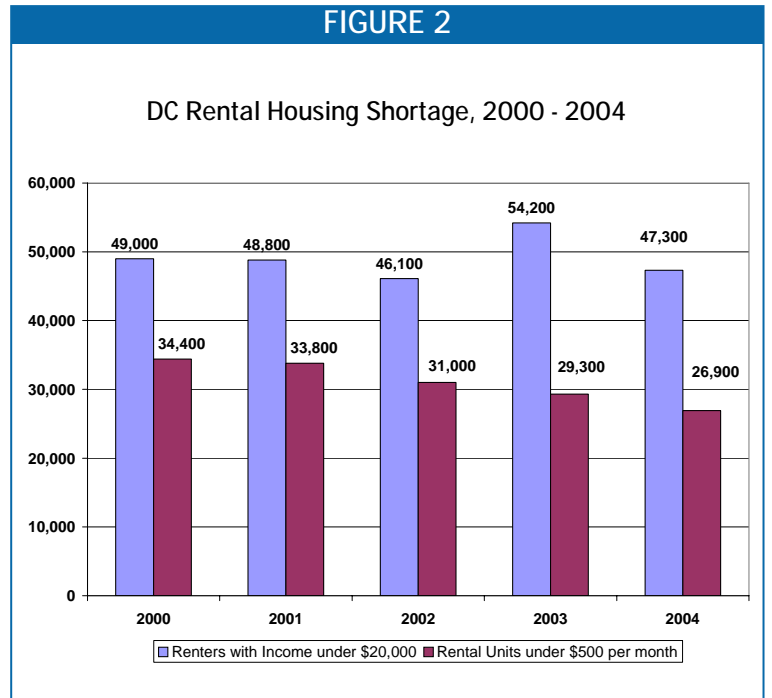
- 1) DC lost 2,400 affordable rentals and 9,400 affordable homes in just the period between 2003 and 2004.
- 2) DC gained 4,600 high-cost rentals and 10,800 high-value homes over the same time period.
- 3) Median rent increased by nine percent and median home values increased by 32 percent between 2003 and 2004, fueling the loss of affordable housing.
- 4) In 2004 households below 30 percent of Area Median Income made up 73 percent of the households in DC that spend more than half of their income on housing costs.

FIGURE 1

Change in Median Rent, 2000 - 2004



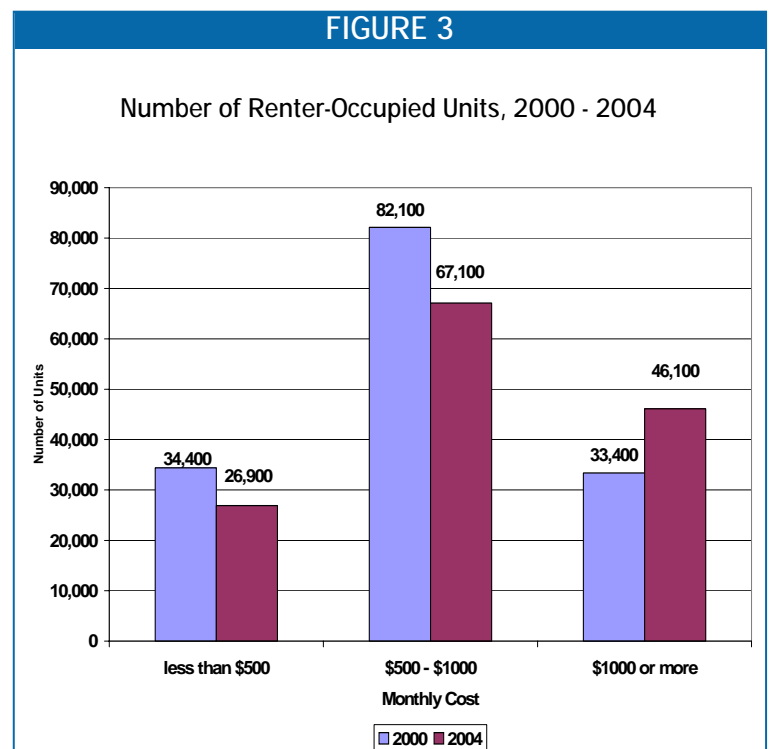
- The number of renting households with income under \$20,000 — those who would require the affordable units — decreased in 2004. As a result, the affordability gap — the gap between the number of low-cost units and the number of households who need them — actually shrank between 2003 and 2004. Nevertheless, the gap remained significantly higher than at the beginning of the decade.³ In 2000, there were almost 15,000 more low-income households than there were affordable rental units. In 2004, the number of families exceeded the number of units by more than 20,000. (See Figure 2.)



- At the same time, high-cost rentals were increasing rapidly. The District gained some 4,600 units with gross rent over \$1,000 between 2003 and 2004. Between 2000 and 2004, the District gained almost 13,000 high-cost rental units. (See Figure 3.)

Overall, the percentage of District households with housing burdens — meaning they spend more than 30 percent of their income on housing costs — remained essentially unchanged, up to 37.3 percent in 2004 from 37.2 percent in 2003. The percentage of District households with severe housing burdens — meaning they spend more than 50 percent of their income on housing costs — also remained essentially unchanged, down to 17.4 percent in 2004 from 18.7 percent in 2003.⁴

Housing burdens continued to be concentrated among the District's lowest income residents. Households with income below 30 percent of Area Median Income (AMI) — \$25,600 for a family of four — made up 73 percent of the DC households that spend more than 50 percent of their income on housing costs. This was a decrease, however, from 2003 when these households made up 80 percent of the DC households with severe housing burdens.



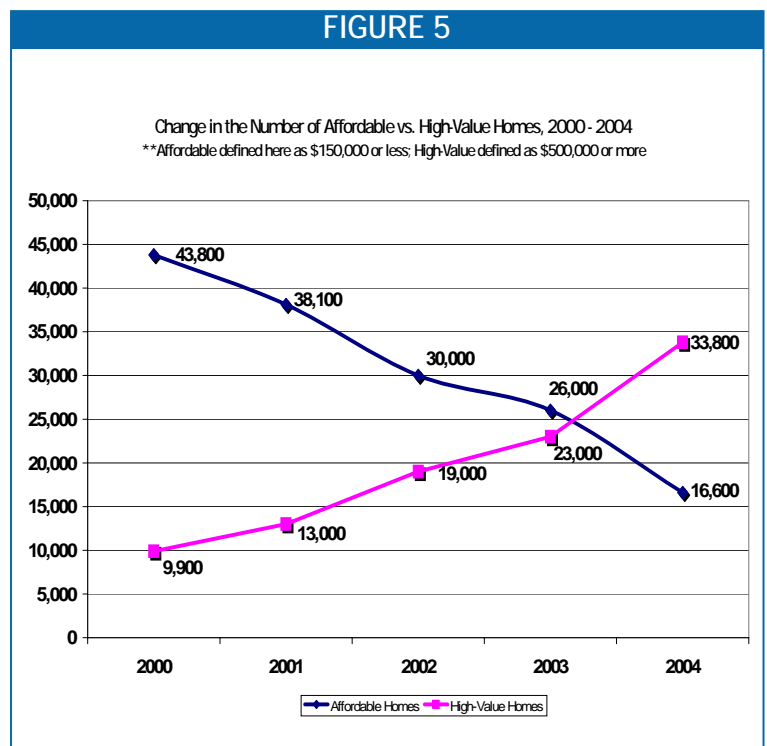
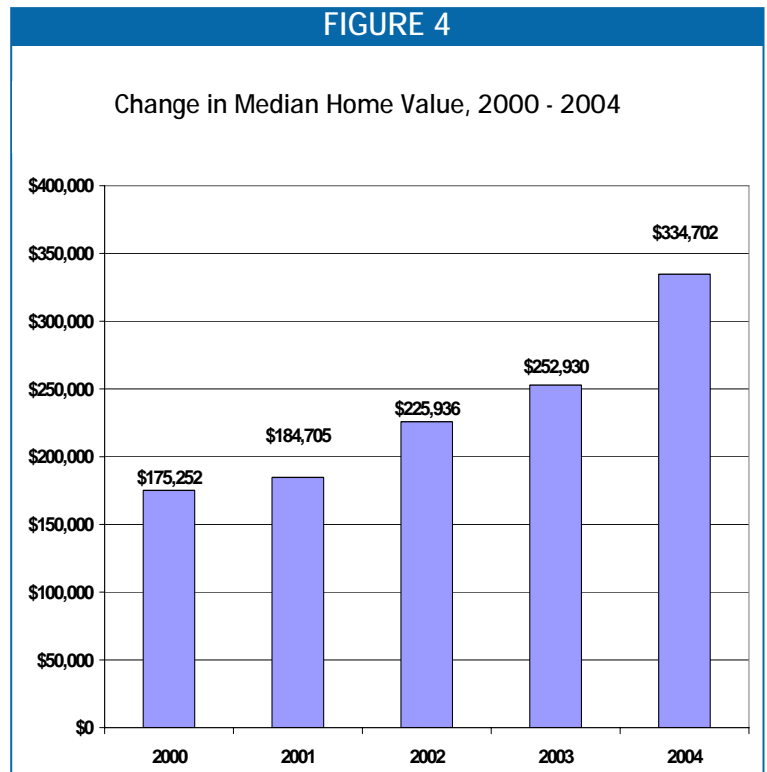
District Home Values Increased Substantially Between 2003 and 2004

While the District was trading affordable rentals for high-cost rentals, a similar trend was taking place among owner-occupied units. Median home values increased significantly, and the District lost a substantial number of affordable homes — defined here as homes valued at \$150,000 or less. At the same time, the city gained a considerable number of high-value homes — defined here as homes valued at \$500,000 or more.

- The median home value in DC increased by 32 percent — from \$252,930 in 2003 to \$334,702 in 2004. While the median home value saw significant increases each year since 2000, the 2003 to 2004 increase was the largest. (See Figure 4.)
- The number of affordable homes — defined here as homes valued at \$150,000 or less — fell by 9,400 in 2004, following several years of steady decline. The District had 43,800 of these homes in 2000. By 2004, there were only 16,600. (See Figure 5.)
- At the same time, the District gained some 10,800 high-value homes — defined here as homes valued at \$500,000 or more — between 2003 and 2004. The District only had 9,900 of these homes in 2000. By 2004, there were almost 33,800 of them. (See Figure 5.)

DC Looks at Solutions to Its Affordable Housing Crisis

Currently, the District is considering several policies aimed at easing the city's affordable housing problems. The District's Zoning Commission is considering a mandatory inclusionary zoning policy, which would require certain housing developments to include units affordable to low- and moderate-



income households. Also, the District's Comprehensive Housing Strategy Task Force is finalizing a set of recommendations that will likely include a significant number of resources dedicated to the production and preservation of affordable housing. These new data suggest that, in its efforts, the District should continue to consider policies that focus assistance on households with limited resources, as decent and affordable housing moves further out of their grasps each year.

¹ In 2003 and 2004, median household income in the District equaled \$44,840. While this was almost \$1,200 higher than the median household income of \$43,647 in 2002 and 2003, the increase was not statistically significant. Poverty in the District — 16.7 percent in 2003 and 2004 — was essentially unchanged from the rate of 16.9 percent in 2002 and 2003. (Note that, for states and smaller jurisdiction, the Census Bureau recommends using two-year averages for median income and poverty data to ensure accurate results.)

² All figures in this report are adjusted for inflation to equal 2004 dollars.

³ In 2003 the number of households with income below \$20,000 was uncharacteristically high when compared to other years. The 2004 number is consistent with the numbers from 2000 to 2002. Over those four years, the number of households at this income level remained fairly consistent against a backdrop of steadily declining affordable rental units.

⁴ These changes were not statistically significant.