DISAPPEARING ACT: AFFORDABLE HOUSING IN DC IS VANISHING AMID SHARPLY RISING HOUSING COSTS

Housing costs are rapidly rising in the District and are contributing to a significant loss of affordable housing in DC. An analysis of rental costs, home values, and incomes provide a shocking picture of the status of housing in the District.

- **Rents and home values have risen sharply since 2000.** The median rent in DC for a one-bedroom apartment jumped from $735 in 2000 to $1,100 in 2010, an increase of fifty percent beyond inflation. Home values, while falling slightly during the recession, still increased sharply in the last decade, rising to $400,000 in 2010, nearly double the median value in 2000.

- **DC's affordable housing stock is rapidly disappearing.** DC has lost more than half of its low-cost rental stock. The number of rental units with rent and utilities of no more than $750 a month fell from 70,600 in 2000 to 35,500 in 2010. At the same time the number of high-cost rental units, with rent and utility costs over $1,500, more than tripled. In addition, DC’s low-cost homes have virtually disappeared. The number of homes with a value of less than $250,000 fell from 63,600 in 2000 to 17,600 in 2010, a drop of 72 percent, while the number of homes valued over $500,000 more than doubled over the same time period.

- **Household incomes have not kept pace with rising housing costs.** Incomes for the bottom 40 percent of DC households have not increased since 2000, while incomes for other households have grown more slowly than housing costs.
• A growing share of households spend more than half of their income on housing. The rising housing costs and stagnant incomes mean that more and more families are spending more than half of their income on housing. By 2010, roughly 1 in 5 DC households spent more than half of their income on housing, which is an increase of roughly 15,000 households since 2000. Very low-income households are most likely to be faced with severe housing burdens. In 2010, about two-thirds of households with incomes below 30 percent of area median income, or $31,050 for a family of four, paid more than half of their income on housing.

The District of Columbia has a variety of tools that it can use to build, preserve, and provide affordable housing for low- and moderate-income residents. A new Comprehensive Housing Strategy Task Force was established in early 2012 to make update recommendations that could lead to the creation of increased affordable housing. Some recommendations the task force should consider include:

The Housing Production Trust Fund (HPTF) is DC’s main source to build, acquire, and renovate housing that is affordable to people with low and moderate-incomes and is supported by a portion of deed recordation and deed transfer taxes. It is also one of the main sources of funding for tenants who wish to exercise their first right of purchase and buy their buildings when their landlords put them up for sale. Drops in revenue combined with budget cuts in FY 2012 and FY 2013 have devastated the HPTF. The District should increase its investment in the HPTF.

The Local Rent Supplement Program (LRSP) and Permanent Supportive Housing (PSH) help to create housing that is affordable to people with very low-incomes, below 30 percent of area median income, and for chronically homeless individuals and families, respectively. Many of the units created by these programs also provide supportive services. Funding for both of these programs has been fairly flat in recent years. The 2006 Comprehensive Housing Strategy Task Force had recommended the creation of approximately 15,000 rent supplement units. To date, funding has supported the creation of about 1,700 units. The District should increase its investments in both programs to help produce housing affordable to people with very low-incomes.

Leveraging Public Land is one option the District can take to produce additional affordable housing. When public land is given to private developers to build residential housing, the land can be sold to developers at below market-rate costs to help cover the costs of setting aside a percentage of the total units as affordable.

The Home Purchase Assistance Program (HPAP) helps low- and moderate income first-time homebuyers purchase a home. Funding for the program has been reduced in recent years and the maximum loan payment has been reduced from $70,000 to $40,000 to try and help serve more people with fewer dollars. The District should invest in HPAP to help more eligible first-time homebuyers purchase a home in the District.

Increase Overall Funding for Affordable Housing. The District has a number of tools at its disposal that it can use to increase and preserve the stock of affordable housing. These include new financing mechanisms to help build, preserve, and create affordable housing opportunities for very low-income residents and residents with special needs as well zoning and land-use regulation changes that could encourage more housing development—including affordable housing—citywide.
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