



The District's Dime

Going Beyond the Budget Book

The DC Fiscal Policy Institute blog
www.dcfpi.org

January 9, 2014

How DC Can Use Its Publicly Owned Land To Maximize Affordable Housing

By Jenny Reed

Creating more affordable housing is one of the most [important needs](#) in our hyper-expensive city, and that requires DC's policymakers to be creative. That's why there should be widespread support for a [new bill](#) that would require developers purchasing land from the city to include affordable housing in the projects they build on that land.

The Disposition of District Land for Affordable Housing Act would make creation of affordable housing a foundation of any bid for public land. It would allow DC to sell its land below market value, in return for having the developer make a good portion of the new units affordable to low- and moderate-income households.

The need for the bill is [illustrated](#) in bids recently submitted for a parcel of DC land at 5th and I Streets NW, in the hot Mount Vernon Square area. The land is [valued](#) at over \$19 million, which the District could leverage into supporting a substantial number of low-cost housing units.

Yet of the four bids that were shortlisted by the city for the parcel, three would provide little new affordable housing. Two would merely comply with Inclusionary Zoning requirements, which would require a modest affordable housing set aside even if the land was privately owned. There does not appear to be any additional affordable housing leveraged by the value of the land. Another bidder offered to make just a \$1 million contribution to the Housing Production Trust Fund, which would build about 13 affordable units. The last developer offered to build 100 units of affordable housing — a substantial number — [but in Anacostia](#). This means that residents in need of affordable housing would not enjoy the benefits of the development occurring in Mt. Vernon Square.

That's not maximizing our public resources to achieve our goal. And that is why the District should set clear rules to ensure that [all](#) public land sales deliver a significant share of affordable housing, which is exactly what the new legislation would do.

More specifically, the bill's requirements are:

- In areas within a half-mile of a metro stop or a quarter-mile of a bus priority corridor, 30 percent of the housing units would have to be affordable. For non-transit-oriented areas (where land is likely to be less valuable) the bill would require that 20 percent of the housing units be affordable.

- For housing built as rental, three quarters of the low-cost units would have to be affordable to residents with incomes no higher than 50 percent of area median income, or \$48,300 for a family of three, and one quarter of the units would have to be priced for families with incomes at 30 percent of area median income or lower, or \$29,000 for a family of three.
- If the units are for sale, half of the affordable units would have to be available to a family earning no more than 50 percent of area median income, or \$48,300 for a family of three, and half for a family earning no more than 80 percent of area median income or \$77,260 for a family of three.

To be fair, the award for the 5th and I parcel hasn't been made yet. We hope the Deputy Mayor for Planning and Economic Development will go back and negotiate for additional affordable housing, as that office has done in some other land deals. But without firm requirements, there is no guarantee this will happen. By making affordable housing a higher priority for the use of our public land, DC can help ensure affordable housing is created throughout the District, and that DC is creatively using all available tools to help solve this pressing problem.