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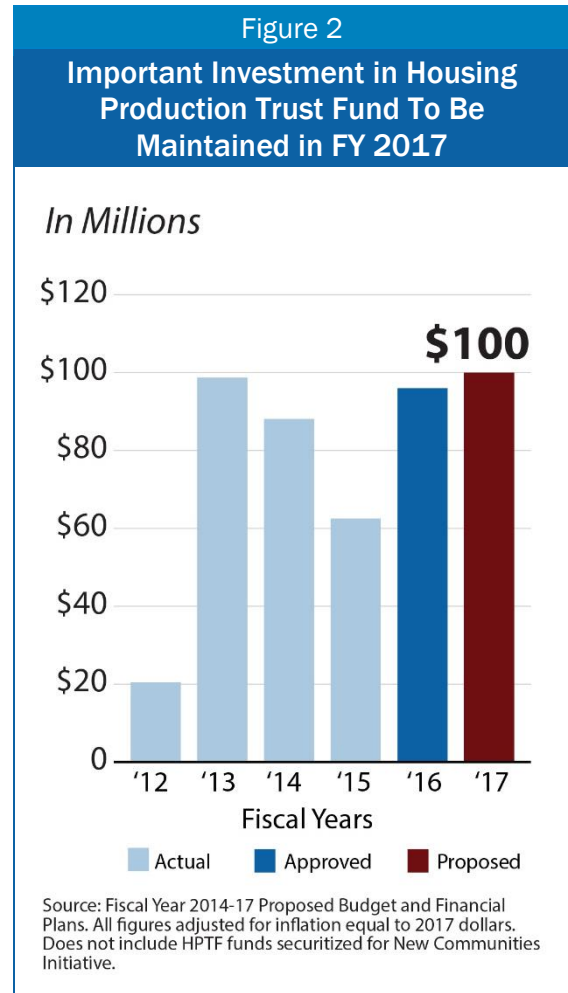
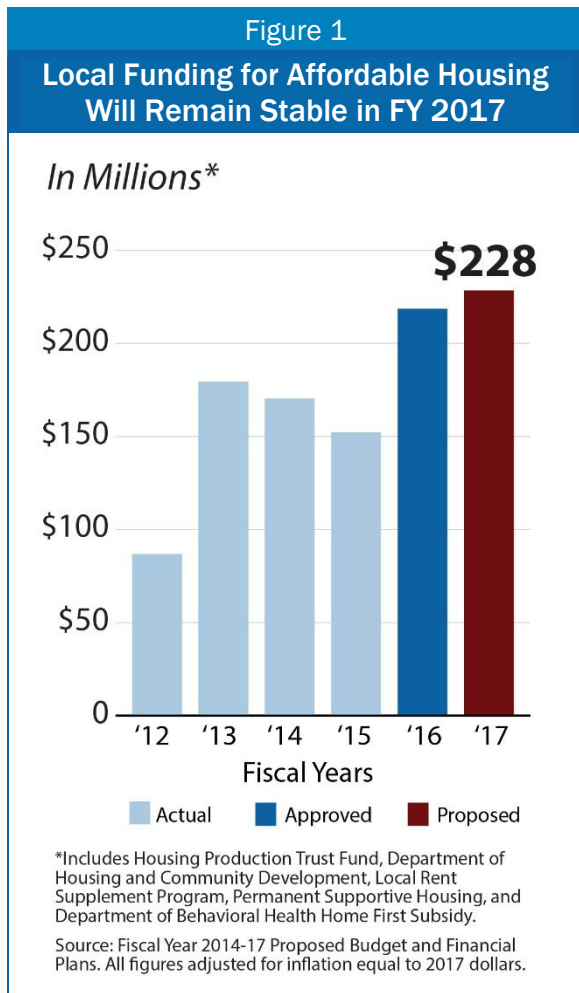
What's in the Proposed FY 2017 Budget For Affordable Housing?

SUMMARY OF THE PROPOSED FY 2017 BUDGET FOR AFFORDABLE HOUSING

- The proposed FY 2017 budget provides \$228 million in local funding for a variety of affordable housing programs – a 5 percent increase from last year's budget after adjusting for inflation. As was the case in FY 2016, funding will be at a record level and far higher than in recent years.
- Funding for the Housing Production Trust Fund will be maintained at \$100 million. The HPTF is used to build and preserve affordable housing for low and moderate-income residents.
- The budget devotes \$4 million in new funds for rental subsidies for formerly homeless residents through the Local Rent Supplement Program (LRSP). The proposed budget adds no new rental assistance linked to units assisted by the Housing Production Trust Fund, and provides no new funds for tenant-based vouchers for families on the DC Housing Authority waiting list.
- An additional \$5 million for Permanent Supportive Housing (PSH) will provide housing and supportive services to chronically homeless residents.
- The budget increases funding from \$11 million to \$16 million for a program that helps low- and moderate-income residents become first-time homebuyers (the Home Purchase Assistance Program, or HPAP). This increase will allow the agency that operates the program to increase the amount of assistance available per homebuyer.
- The city's distressed public housing will receive \$15 million for repairs and maintenance. The funds will come from unspent rental assistance funds in the DC Housing Authority's budget.

Local funding for affordable housing would increase modestly under the proposed fiscal year (FY) 2017 budget. This would add to the District's substantial commitment to housing in last year's budget and keep funding at a record level. The District has a variety of affordable housing tools, each serving a specific purpose and each critical to making housing available along the entire continuum of need — from homelessness to homeownership — for DC's low- and moderate-income residents. Total local funding for affordable housing is proposed to be \$226 million, a \$10 million (5 percent) increase after adjusting for inflation. (See **Figure 1** and **Table 1**.)

While this investment is significant, the budget makes little progress in expanding assistance to very low-income families, those who have the most severe affordable housing problems. In particular, the budget adds only a small amount of new funding for rental assistance that helps DC's poorest households. This would make it hard for the Housing Production Trust Fund to create housing affordable to such households, and will not make any progress toward helping the thousands of families on the DC Housing Authority waiting list.



Funding for the Housing Production Trust Fund Will Be Maintained in FY 2017

The FY 2017 proposed budget maintains the important \$100 million investment in the Housing Production Trust Fund. This will keep the Trust Fund at one of the highest funding levels in its history. (See **Figure 2**.)

The [Housing Production Trust Fund](#) (HPTF) supports the construction and renovation of affordable housing. The Trust Fund provides “gap financing,” through loans or grants to partially fund housing projects and keep them affordable. It is likely that that the FY 2017 funding will support building or renovating 1,000 or more homes, although the precise number is unclear because the needs vary a great deal from project to project.¹

Under legislation enacted in 2002, some 15 percent of deed recordation and transfer taxes are dedicated to the fund each fiscal year. Because real estate transactions fluctuate as the real estate market heats and cools, funding for the HPTF has fluctuated significantly over time. The FY 2017 budget supports the Trust Fund with \$45 million in these dedicated taxes and a \$55 million supplement.

¹ Department of Housing and Community Development [FY 2016 Budget Oversight Documents](#).

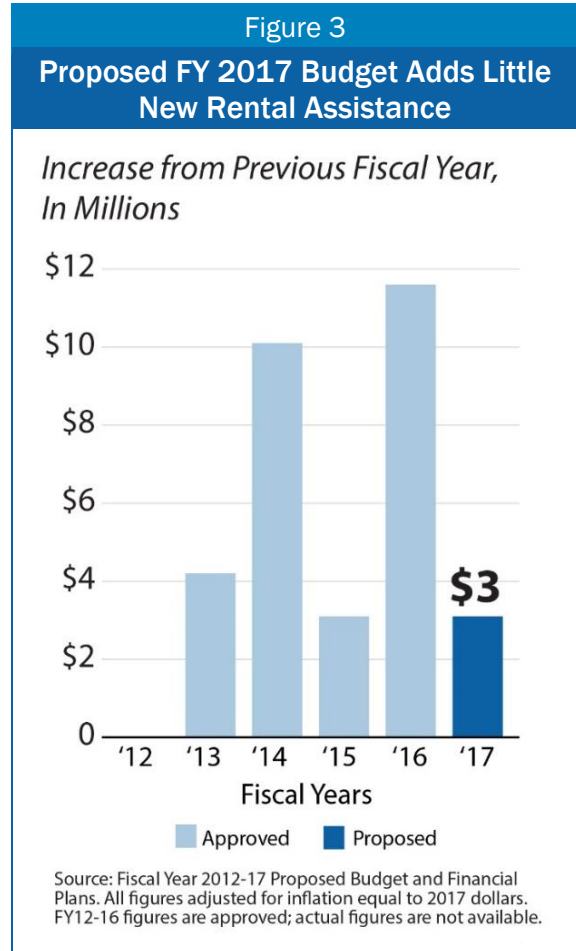
It is worth noting that the supplemental funding is provided on a one-time basis in FY 2017, and not built into future projected budgets. This means that additional funding will need to be identified again a year from now to maintain the \$100 million funding level.

The Proposed 2017 Budget Provides Too Little Rental Assistance to Support Key Initiatives

The proposed budget includes \$3 million in new funds for rental assistance under the [Local Rent Supplement Program](#), only one-fourth of the amount added in FY 2016 (See **Figure 3**). This will help 200 households in the Targeted Affordable Housing program for formerly homeless residents. The proposed budget adds no new support for two key components of the Local Rent Supplement Program. This would make it hard for the Trust Fund to create housing affordable to the lowest-income households, and will not make any progress toward helping the thousands of families on the DC Housing Authority waiting list.

The Local Rent Supplement Program (LRSP) is DC’s most effective housing tool to meet the needs of extremely low income families. LRSP provides ongoing rental assistance that pays the difference between what extremely low income families can afford and the actual cost of housing. Here is what is in the proposed FY 2017 budget for the three components of LRSP:

- **Targeted Affordable Housing:** The proposed budget adds \$3.1 million to assist roughly 200 formerly homeless residents (100 families and 100 individuals). Targeted affordable housing helps residents who received “Rapid Re-Housing” temporary rental assistance, but are unable to afford private market rents when the temporary assistance ends. It also helps residents who have been in permanent supportive housing, and still need help affording rent but no longer need PSH social services.
- **Project/Sponsor-Based LRSP:** The budget adds no new funds for rental assistance linked to units assisted by the Housing Production Trust Fund. Without new LRSP for this purpose, it is not clear whether the Trust Fund will be able to meet its requirement to spend 40 percent of its resources on housing for extremely low income families. This is because the HPTF provides up-front financing assistance, which does not help cover ongoing operating and maintenance costs, and thus makes it difficult to bring rents down to levels affordable to extremely low income households.



- **Tenant-Based LRSP:** No new rental vouchers to help households pay the rent at private market apartments would be added in FY 2017. This means the District will not be able move some of the 41,000 families on the DC Housing Authority waiting list into affordable homes.

The Comprehensive Housing Strategy Task Force set a goal in 2006 for the District to create roughly 14,600 subsidies in 15 years, or about 1,000 subsidies a year. Including the proposed addition for targeted affordable housing, the District will have funded rental assistance for around 3,800 households, leaving the District approximately 6,900 units behind its goal of 10,700 units in FY 2017.

Table 1
Changes in Funding for DC's Main Affordable Housing Sources
FY 2013 – FY 2017

	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Approved	FY 2017 Proposed
Department of Housing and Community Development	\$16	\$15	\$14	\$15	\$16
Housing Production Trust Fund	\$99	\$89	\$50	\$96*	\$100
DC Housing Authority Subsidy	\$36	\$36	\$39	\$61	\$63†
Permanent Supportive Housing	\$20	\$22	\$27	\$37	\$41
Home First Subsidy (Dept. of Behavioral Health)	\$9	\$9	\$10	\$10	\$9
Total	\$179	\$170	\$152	\$219	\$228

Figures are in millions and are adjusted for inflation to equal 2017 dollars. For Housing Production Trust Fund, does not include funds securitized to support the New Communities Initiative. * Due to lower than estimated revenue from dedicated taxes, estimated FY 2016 funds for the HPTF are lower than the \$100 million approved in the FY 2016 budget. † Includes \$3.1 million for targeted affordable housing that is in the budget of the Department of Human Services, but will be administered by DCHA.

Permanent Supportive Housing for Chronically Homeless Residents Will Increase in FY 2017

The Permanent Supportive Housing Program (PSH), also known as Housing First, was created in FY 2009 to place chronically homeless individuals and families into affordable housing with case management services. The program includes a capital component to build or renovate facilities, and an operating component for case management services and rental subsidies.

The proposed FY 2017 budget includes \$4.6 million to expand Permanent Supportive Housing to approximately 300 individuals as part of an effort to end chronic homelessness. These changes are covered in more detail in DCFPI's summary of the FY 2017 homeless services budget, as part of the DCFPI [Budget Toolkit](#).

Fifty Percent Increase in Assistance for First-Time Homebuyers in FY 2017

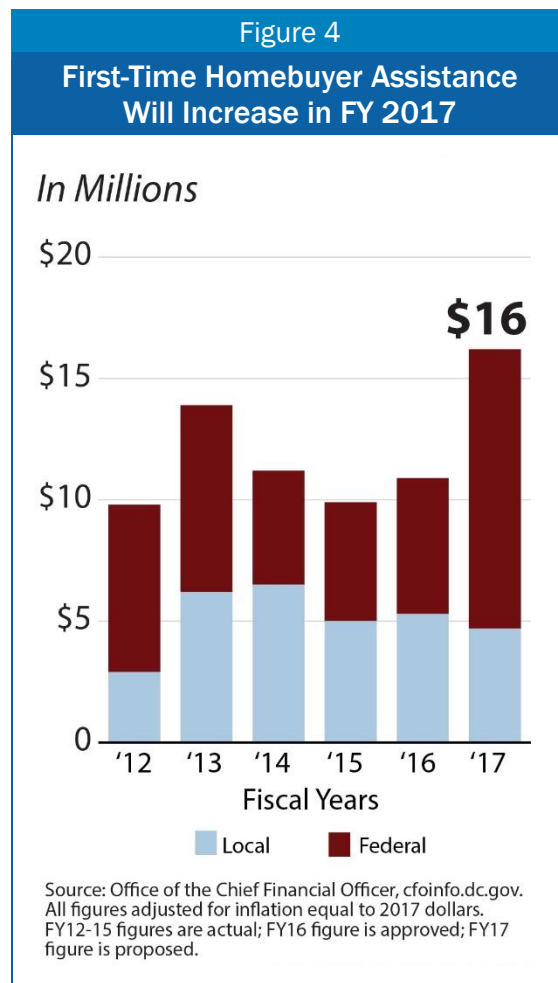
The proposed budget would substantially increase funds for a program that helps low- and moderate-income residents become first time homebuyers – the Home Purchase Assistance

Program. HPAP provides interest-free loans for down-payment and closing costs to low-income first-time homebuyers.²

Total funding for Home Purchase Assistance — federal and local funds combined — will be \$16 million in FY 2017, up from \$11 million in FY 2016. (See **Figure 4**.) This increase will allow the Department of Housing and Community Development to increase the amount of assistance available per homebuyer from \$54,000 to \$80,000, and to serve more households than in 2016. The number of residents who buy their first home with help from HPAP has fallen in recent years. One possible factor is the relatively small amount of assistance available per household, given the District’s high and rising home prices.

DC’s Housing Program for Residents with Mental Illness Will Stay the Same in FY 2017

The Home First program at the Department of Behavioral Health is designed to help individuals with mental illness to bridge from temporary housing into long-term stable housing by providing transitional housing and services. The FY 2017 budget for the Home First program is \$9.3 million, largely the same as last year’s funding level, \$9.5 million.



Public Housing Will Receive Funds for Needed Repairs in FY 2017

The proposed FY 2017 budget would fund \$15 million toward maintenance and repair of the city’s public housing stock, by re-directing unspent rental assistance funds. This investment in much needed: due to federal underfunding, four out of five public housing units in DC are in need of significant repairs. The DC Housing Authority, which owns and operates public housing, will prioritize the \$15 million for the most serious capital needs. For instance, 22 severely distressed, uninhabitable units will be rehabilitated so that they can be occupied.³

² The home purchase assistance programs also contains two smaller pots of funding: the Employer Assisted Housing Program (EAHP), which provides home purchase assistance to DC government employees and home buying assistance for DC Police Officers; and the Negotiated Employee Affordable Home Purchase Assistance program (NEAHP), which helps help DC government employees whose positions are covered by collective bargaining agreements to purchase homes.

³ Presentation by DC Housing Authority Director Adrienne Todman at CNHED FY 2017 Budget Briefing, 31 March 2016.