

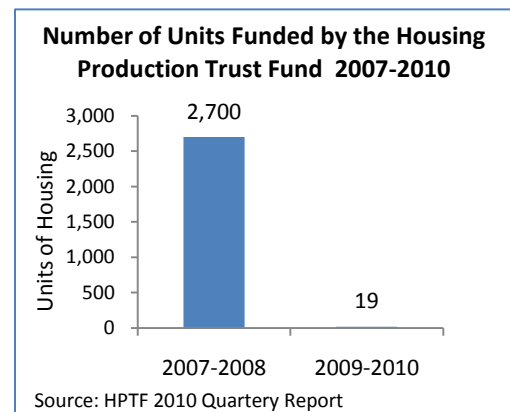
The Cost of Cuts to DC's Housing Budget

In 2008, the economic downturn led to a decrease in District revenues, resulting in widespread budget cuts. In particular, funding for affordable housing has been affected by the recession. Between 2008 and 2011, funding for affordable housing programs fell by nearly one third, from \$129 million to \$88 million, after adjusting for inflation. The cuts have affected the ability of the city to support construction of new affordable housing, to provide rental subsidies to homeless residents and other low-income residents, and to help lower-income households purchase their first home.

The cuts have come at a time when the supply of affordable housing in the District has diminished. Due to rising rents, the number of low-cost apartments in DC (under \$750 a month) fell from 69,000 in 2000 to 46,000 in 2007, a decline of one-third. Meanwhile, the number of DC households paying more than half their income for housing rose from 36,000 to 48,000 during this period, and nearly all of these households have low or moderate incomes. Though the FY 2012 proposed budget increases local funding for affordable housing, the increase does not represent an expansion of services, but instead would replace expiring federal funds. In fact, through cuts and policy changes the FY 2012 budget would significantly weaken an already weak affordable housing system in the District.

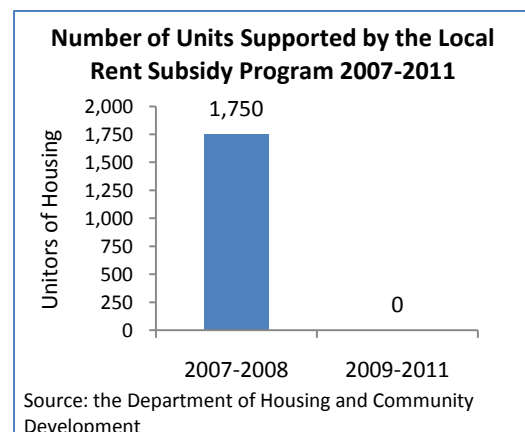
AFFORDABLE HOUSING CONSTRUCTION AND REHABILITATION HAS SLOWED TO A HALT

- ❖ Since 2008, funding for the Housing Production Trust Fund fell from \$73 million to \$22 million.
- ❖ In 2007 and 2008, the Trust Fund made awards to support construction or rehabilitation of 2,700 units of housing. In 2009 and 2010 awards were made for just 19 units.
- ❖ Total resources for the Trust Fund were set to increase by \$18 million in 2012, as a result of increased revenue from deed recordation and transfer taxes which fund it. However, the Mayor proposes to wipe out this increase entirely, leaving funding at the reduced 2011 level. This would leave the city with very limited ability to develop new affordable housing.



CUTS TO RENTAL SUBSIDIES

- ❖ The District's Local Rent Subsidy Program serves a range of DC residents making below 30 percent of area median income, or less than \$30,000 a year. It provides tenant-based vouchers that recipients can use for housing at qualified rental units and also subsidizes housing developers to provide affordable rental units.
- ❖ Funding for LRSP in 2007 and 2008 supported the development of 1,750 units of housing. As of FY 2011, no new funding has been provided.
- ❖ The proposed FY 2012 would phase out the tenant voucher program, which currently serves some 670



families, by not allowing new families to enter when current ones leave. This would limit one of the main ways that DC can reduce its housing wait list of over 28,000 households.

FIRST-TIME HOMEOWNER ASSISTANCE HAS BEEN CUT

- ❖ DC's Home Purchase Assistance Program provides down payment and closing cost assistance to help low- and moderate-income residents buy their first home. Due to a roughly 40 percent decrease in HPAP funding, the maximum HPAP loan amount has fallen from around \$73,000 to \$40,000 between 2008 and 2012.
- ❖ Proposed FY 2012 budget documents indicate that gross funding for HPAP (federal and local funds combined) will decrease by 35 percent from FY 2011 levels. However, administration officials have said the figures are incorrect and that gross funding will be maintained at FY 2011 levels.
- ❖ The Department of Housing and Community Development projects the number of individuals served by HPAP to increase from 300 to 400 to 500 for FY 2010, 2011, and 2012 respectively. However, without an increase in funding for HPAP it is not clear how this will occur.

