

**TESTIMONY OF JENNY REED, POLICY ANALYST
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**At the Public Hearing on
B19-0076, the “Inclusionary Zoning Amendment Act of 2011”
District of Columbia Committee on Housing and Workforce Development
November 17, 2011**

Chairman Brown, Councilmember Catania and members of the Committee, thank you for the opportunity to speak today. My name is Jenny Reed, and I am a Policy Analyst with the DC Fiscal Policy Institute. DCFPI engages in research and public education on the fiscal and economic health of the District of Columbia, with a particular emphasis on policies that affect low- and moderate-income residents.

I am here to testify today in support of the goal of this bill—to increase the affordable housing opportunities for people with special challenges. Many of the groups mentioned in this legislation — the chronically homeless, people with development disabilities, people with severe mental illness, victims of domestic violence, and people living with HIV/AIDS — have some of the toughest affordable housing challenges in the District.

However, I have concerns that the Inclusionary Zoning program may not be the best affordable housing program to meet this goal. I am glad that we are here today to talk about ways we can meet the affordable housing challenges for these groups, and I’d like to offer some suggestions that could more effectively increase affordable housing for these groups, as well as an option for expanding affordable housing opportunities not yet fully embraced by the District.

The Inclusionary Zoning program was passed in 2006, but has only recently gotten underway. The program works by requiring residential developers to set aside between 8-10 percent of the total housing units they build as affordable to people who make between 50 percent and 80 percent of area median income, or between \$36,225 and \$57,960 for a single individual.ⁱ In exchange, developers are given a density bonus and allowed to build more 20 percent more residential units than zoning regulations would typically allow.

The Inclusionary Zoning Amendment Act of 2011 would restrict eligibility in the IZ program to the chronically homeless, people with development disabilities, people with severe mental illness, victims of domestic violence, and people living with HIV/AIDS with incomes up to 80 percent of area median income, or \$57,960. This means a developer can charge up to \$1,438 a month in rent for a studio apartment.ⁱⁱ

While the goal of helping these groups get housing is important, Inclusionary Zoning is not the most effective solution:

- **For many of the groups identified in the bill, their incomes are too low to qualify for Inclusionary Zoning units.** The goal of this bill is to provide affordable housing opportunities to people with special challenges — the chronically homeless, people with development disabilities, people with severe mental illness, victims of domestic violence, and people living with HIV/AIDS — and for many of these groups, Inclusionary Zoning’s income requirements will mean that this program will be out of reach for many of these groups. For example:
 - The majority of individuals who would qualify as having a severe mental illness under this bill are on Medicaid. This means that at most, their income would be less than 200 percent of the federal poverty line, or \$21,780 for an individual under 65. The majority of clients served by the Department of Mental Health earn less than the poverty line, or \$10,890.ⁱⁱⁱ Individuals in these groups would likely not be able to afford units created under Inclusionary Zoning.
 - Many residents with developmental disabilities, those who are homeless, and those living with HIV/AIDS receive Social Security Disability Income (SSDI) or Supplemental Security Income (SSI), and little else. The average monthly federal Social Security Disability Income (SSDI) benefit was \$948 in 2009, or less than \$11,400 a year.^{iv} The average benefit in December 2009 for an individual receiving Supplemental Security Income (SSI) and living independently was \$583 a month, or less than \$6,996 a year.^v Often, individuals do not receive both SSDI *and* SSI at these levels. Individuals in these groups would not be able to afford Inclusionary Zoning units.
 - Data from the Community Partnership for the Prevention of Homelessness shows that homeless individuals who have incomes outside of benefits, have total median incomes of between \$635 and \$678 a month.^{vi} This income is not enough to afford a studio apartment created under Inclusionary Zoning.
- **Many of the groups targeted in the bill have better outcomes when their housing is combined with supportive services.** A number of studies have found that the chronically homeless spend less time in shelters, hospitals, and utilizing emergency services when placed in housing that connects them with case management and supportive services.^{vii} Inclusionary Zoning housing does not include any supportive services.

By restricting Inclusionary Zoning eligibility specifically to these groups, the concern is that the housing will be out of reach for many of the groups the program is restricted to. The result would be that many vulnerable DC residents could still be left without affordable housing options and a resulting shortfall in qualified applicants for placement in Inclusionary Zoning units could result. The lack of qualified applicants could mean that developers will find Inclusionary Zoning burdensome, and this could weaken support for Inclusionary Zoning, jeopardizing its ability to provide housing to low income households.

But there are programs the District could look to that would be more effective at providing affordable housing opportunities for the groups identified in this legislation, Permanent Supportive Housing and the Local Rent Supplement program:

- Permanent Supportive Housing provides housing and case management services to chronically homeless individuals and families. The model has been proven very successful in DC and cities across the US at reducing chronic homelessness — a key aspect of reducing homelessness.
- The Local Rent Supplement program provides operating subsidies, or a rental voucher, directly to renters or to non-profits to help make units affordable to those who earn less than 30 percent of area median income. Non-profits who utilize LRSP often also provide the crucial link to supportive services.

Increasing funding for these programs and expanding their reach would be one of the more effective ways to increase affordable housing options for the groups targeted in this legislation.

In addition to existing programs, the District could also look at a valuable untapped resource to increase housing for DC's lowest income residents — public land.

The District could pass legislation to require that public land used to develop housing should have a certain percentage set aside as affordable. The value of the public land would provide the subsidy needed to support the affordable housing. This approach was used by the District in the past, on parcels of land belonging to the Anacostia Waterfront Corporation. Legislation could require that nonprofits providing case management and additional services for populations such as chronically homeless would get preference for any affordable units created.

Finally, there are two changes to the current bill that could be explored. However, these changes are not preferable to the other options mentioned previously because they would not be as effective at providing affordable housing options to the targeted groups mentioned in the bill.

- The first is to give priority ranking under IZ, rather than exclusive access, to these target groups. This could be done through assigning points to giving preference for an income-qualified member of one of the bill's identified target groups. This approach could pose some administrative complications (as the bill as currently drafted would pose, too) and further discussions would need to happen around how and who would be responsible for administration. Even with a priority ranking however, it's unlikely that many of the targeted groups would be able to afford the units created by Inclusionary Zoning.
- The second option is to revise the current Inclusionary Zoning regulations to allow the DC Housing Authority and nonprofits to purchase a certain percentage of the Inclusionary Zoning units that are developed. However, in order to reach the groups targeted in this legislation, the DCHA and non-profits would also likely need additional funds for the Local Rent Supplement program or other housing subsidy programs to serve residents at lower income levels. Revising the Inclusionary Zoning regulations could take quite a while, and number of units created could likely be much lower than if the Local Rent Supplement or Permanent Supportive Housing program were expanded.

There are many residents who need help to afford DC's extremely high housing costs, and residents with special needs often need more aid to navigate DC's housing market. DCFPI supports the intent of the proposed legislation and looks forward to working to support efforts that will meet these goals most effectively.

Thank you again for the opportunity to testify. I am happy to answer your questions.

ⁱ District of Columbia, Mandatory Inclusionary Zoning Maximum Household Income Limits, available at: <http://dhcd.dc.gov/dhcd/frames.asp?doc=/dhcd/lib/dhcd/2010incomeschedule.pdf>

ⁱⁱ The Deputy Mayor for Planning and Economic Development, the Department of Housing and Community Development, the Department of Consumer and Regulatory Affairs; Inclusionary Zoning Affordable Housing Program: Maximum Rent and Purchase Price Schedule, DC Register: VOL. 56 - NO. 33 (August 14, 2009). Available at: <http://dhcd.dc.gov/dhcd/frames.asp?doc=/dhcd/lib/dhcd/services/iz/izrentandpriceschedule.pdf>

ⁱⁱⁱ SAMHSA, "District of Columbia 2010 National Outcome Measures (NOMS)," Available at: <http://www.samhsa.gov/dataoutcomes/urs/2010/DistrictofColumbia.pdf>.

^{iv} http://www.ssa.gov/policy/docs/statcomps/oasdi_sc/2009/index.html

^v http://www.ssa.gov/policy/docs/factsheets/cong_stats/2009/dc.html

^{vi} From a presentation given by the Community Partnership for the Prevention of Homelessness titled, "HEARTH Baseline Demographic and Performance Data," March 29, 2011.

^{vii} See Supportive Housing Network of New York, Research from Across the Supportive Housing Industry, available at: <http://shnny.org/research-reports/research/>