

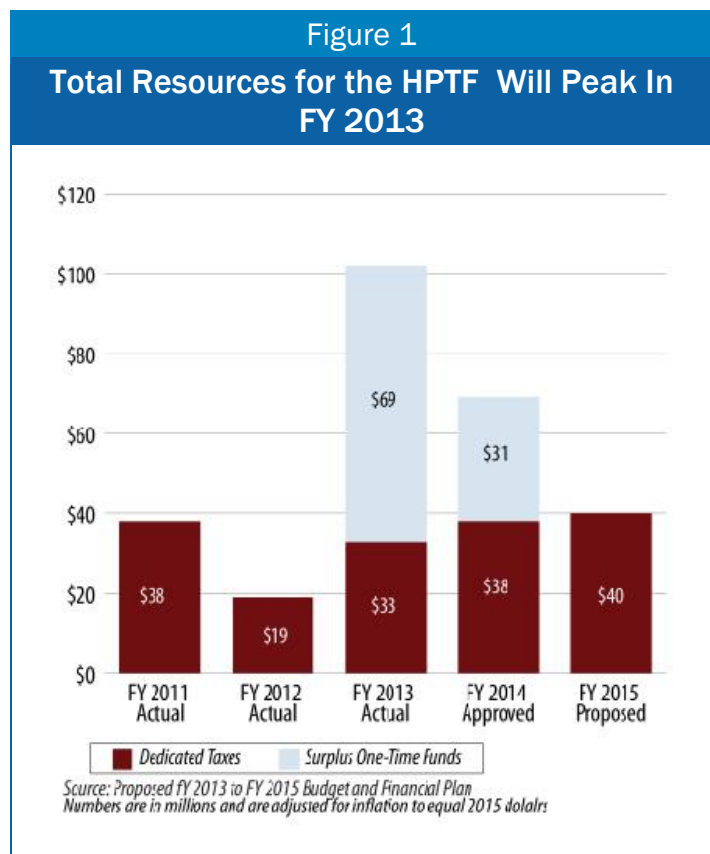
**TESTIMONY OF JENNY REED, POLICY DIRECTOR
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**At the Public Hearing on B20-708
“Housing Production Trust Fund Baseline Funding Act of 2014”
District of Columbia Committee on Economic Development
May 29, 2014**

Chairperson Bowser and members of the committee, thank you for the opportunity to testify today. My name is Jenny Reed and I am the Policy Director at 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 how policies impact low- and moderate-income families.

I am here today to testify strongly in favor of B20-708, the “Housing Production Trust Fund Baseline Funding Act of 2014.” The bill would help ensure a significant and predictable investment in the Housing Production Trust Fund — DC’s main source for affordable housing construction and preservation. With DC losing half of its low-cost rental units and more than 70 percent of its low-value homes in the last decade, providing consistent and reliable funding to the Housing Production Trust Fund can help support a systematic effort to address the severe shortage of affordable housing.

The lack of affordable housing is important not only because it leads to homelessness for many of our neighbors, but because it also affects the success of other critical public investments. A child whose family is frequently moving, is homeless or living in substandard housing will almost surely have poorer educational and health outcomes than a child in stable housing. A resident with a chronic health problem will better be able to treat their disease and avoid costly trips the emergency room if they have a stable home. And a resident is more likely to be able to learn a new workforce skill if they aren’t preoccupied with figuring out where they will sleep that night. In other words, it all starts with affordable housing.



The approved FY 2015 budget for the HPTF is \$40 million from dedicated tax revenues. Total resources in FY 2013 and FY 2014 are significantly higher as a result of one-time funds of \$69 million and \$31 million, respectively. These were added to the dedicated tax revenues that form the basis of Trust Fund. (See **Figure 1**.) The one-time funds will help make DC make progress on its affordable housing goals.

But the reliance on one-time funds also highlights the limited capacity of the Housing Production Trust Fund under its current funding formula. **Table 1** highlights how new resources available for core HPTF purposes will be at most \$40 million annually through FY 2018.

Table 1: Total Resources for Core HPTF Purposes, FY 2011-FY 2018 <i>(in millions, adjust for inflation to equal FY 15 dollars)</i>								
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Total Resources for HPTF	\$43	\$45	\$55	\$46	\$48	\$49	\$50	\$51
Less Debt Service for New Communities	\$5	\$7	\$7	\$8	\$8	\$8	\$8	\$7
Total Subsidy	\$38	\$38	\$49	\$38	\$40	\$41	\$43	\$44
Less Transfer of funds to DCHA	\$0	\$19	\$21	\$0	\$0	\$0	\$0	\$0
PLUS one-time additions from general fund	\$0	\$0	\$69	\$31	\$0	\$0	\$0	\$0
Less Administrative Costs	\$9	\$3	\$5	\$5	\$4	\$4	\$4	\$4
Net Resources for Core HPTF Purposes	\$29	\$34	\$92	\$65	\$36	\$37	\$39	\$40

The proposed bill would ensure a consistent, significant, and predictable investment in affordable housing by requiring that at least \$100 million annually be deposited into the HPTF for affordable housing production and preservation. In addition, the District should also consider establishing adequate baselines for other critical affordable housing tools like the Local Rent Supplement program and Permanent Supportive Housing Program. This will help DC increase its available resources for affordable housing and ensure we are closer to matching the affordable housing resources with the needs in DC.

Thank you for the opportunity to testify and I am happy to answer any questions.