



*An Affiliate of the  
Center on Budget and Policy Priorities*  
820 First Street NE, Suite 460  
Washington, DC 20002  
(202) 408-1080 Fax (202) 325-8839  
[www.dcfpi.org](http://www.dcfpi.org)

**Testimony of Jenny Reed, Policy Director  
DC FISCAL POLICY INSTITUTE**

**At the Public Hearing on Bill 20-0594  
“The Disposition of District Land for Affordable Housing Amendment 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 to testify strongly in favor of Bill 20-594, “The Disposition of District Land for Affordable Housing Amendment Act of 2014.” The bill would help ensure that DC is using every available resource at its disposal to solve one of its most pressing problems: the significant shortage of affordable housing. By leveraging the value of our public land, DC can help create new affordable housing for both low- and moderate-income residents throughout the District.

Furthermore, requiring affordable housing on public land will allow the District to use an off-budget asset — public land — to maximize affordable housing production. Such a tool is particularly important given the District’s limited resources and ability to incur debt. It will also help preserve mixed-income, inclusive neighborhoods in DC, and help ensure that a broad array of DC residents benefit from new development.

The bill would require an affordable housing set-aside every time private residential development occurs on public land the District has disposed of. The affordable housing would be subsidized by selling the public land for less than its full appraised value. The affordable housing requirements include:

- **Affordable Housing Set-Asides:** In transit oriented areas — within ½ mile of a Metro station or ¼ mile of a major bus route or streetcar line — 30 percent of the housing must be affordable. In all other areas, 20 percent of the housing must be affordable. In all cases, the affordable housing will be permanently affordable.
- **Affordable to Whom?** Households will pay no more than 30 percent of their gross income on housing. For rental units, one-fourth of the affordable units will be affordable to “very low-income” households (those with incomes up to 30 percent of the area median income (AMI), or \$29,000 for a family of three) and three-fourths will be affordable to “low-income households” (those with incomes between 30 percent and 50 percent of AMI, or between \$29,000 and \$48,300 for a family of three).

For homeownership units, half will be affordable to low-income households (under 50 percent of AMI) and half will be affordable to moderate-income households (for those with incomes between 50 percent and 80 percent AMI or between \$48,300 and \$78,200 for a family of three).

The bill also recognizes that there may be some instances where the value of the public land is not enough to subsidize the affordable housing requirements. In that case, the Mayor may waive the affordable housing requirements provided that the Chief Financial Officer certifies that the land subsidy is insufficient, taking into account all available sources of public support, and that the development realizes affordable housing to maximum extent. This means that the entire value of the land will go toward affordable housing, even if it doesn't meet the set-aside. It also helps ensure that the bill provides flexibility for developers and the District, but continues to prioritize affordable housing for public land and does so in a transparent process that is easier for the public and policy makers to understand.

The District's recent disposition of land at 5<sup>th</sup> and I Streets NW, in the hot Mount Vernon Square area, exemplifies why this bill is so critical. When the District put out a request for proposals to develop the property, the land was 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 have provided little new affordable housing. Two would have merely complied with Inclusionary Zoning requirements, which would require a modest affordable housing set aside even if the land were privately owned. There did 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 — about 5 percent of the land value — 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.

The District awarded the land to last developer, who offered to build affordable housing, but at a location to be determined. That's not maximizing our public resources to achieve our goal of mixed income development and inclusive neighborhoods. 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 this bill would do.

We ask that the Committee consider making one change to the legislation, and that is to tie the affordability of the units to the land, and not the life of the building. It is possible that a building could be created and torn down in a short period of time. By tying the affordability to the land, the District can help ensure the units remain permanently affordable and help preserve affordable housing throughout the District for the future.

With the District losing half of its low-cost housing units over the last decade, and more and more residents paying more than half of their income on housing, DC needs all of the tools it has available to help tackle one of the city's most significant problems. By leveraging the value of our public land, DC can help add another tool that will help create affordable housing throughout the District.

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