



The District's Dime

Going Beyond the Budget Book

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Proposed FY 2016 Budget Makes Key Investments to Reduce Inequality And Expand Opportunity for DC Residents

By Ed Lazere

Mayor Bowser's first budget will create more affordable housing, address rising homelessness, and protect thousands of families with children from losing basic income support. These are important steps to help residents cope with the dramatic [disappearance of low-cost housing](#) and an economy that has left low- and moderate-income residents with [stagnant wages](#). The budget also includes modest tax increases which helped make the new investments possible, including a sales tax change that will add 25 cents to a \$100 purchase.

The following elements of the proposed FY 2016 budget should be supported by the DC Council as it takes up the budget.

Record Funding for Affordable Housing

- \$100 million for the Housing Production Trust Fund will support 1,000 or more homes per year.
- New funding for rental assistance (LRSP) will make housing affordable to very low income families and will help homeless families needing help after Rapid Rehousing subsidies end.
- Altogether, local housing funding will total over \$200 million, a record level.

Progress on Plan to End Long-Term Homelessness

- New capital and leasing funds will support replacement of the DC General Shelter.
- The budget will help 455 individuals leave shelter through Rapid Re-Housing.
- A new Daytime Service Center will give homeless individuals a place to go during the day.
- New funding will support 250 individuals and 110 families needing Permanent Supportive Housing.
- More resources will go to emergency shelter, which has been under-funded in recent years, leading to chaotic shifts of resources each winter to meet the need.

Protecting Families with Children Facing Loss of Income Assistance

- The budget plan extends income and employment assistance for one year to more than 6,000 families in TANF. This will prevent 13,000 children from falling deeper into poverty.

- It also will give the mayor and the new human services leadership a year to address a troubled TANF program that has not served families well.
- DC's time limit policy has a number of problems. For example, families wait up to 11 months to get into DC's TANF employment services, with their time clock ticking. In Maryland, by contrast, the time clock does not run when families do not receive services.
- Some 44 states – but not DC – offer time limit extensions recognizing that some families need more time to move to self-sufficiency.

Modest Sales Tax Increase That Makes New Investments Possible

- The increase will be just 25 cents on a \$100 purchase. For poor families, the tax increase will likely be \$25 a year or less.
- Substantial tax reductions for low-income families have been adopted in recent years – the Earned Income Tax Credit, the Schedule H property tax credit, and the standard deduction in the income tax. These more than offset the sales tax increase for most lower-income families.
- Combined taxes for low-income residents are [second lowest in the nation](#) when compared with states.