Testimony of Claire Zippel, Housing Policy Associate
At the Budget Oversight Hearing for the
Department of Housing and Community Development
April 27, 2016

Chairperson Bonds and members of the Committee, thank you for the opportunity to testify today. My name is Claire Zippel and I am the Housing Policy Associate at the DC Fiscal Policy Institute. DCFPI promotes budget and policy choices to expand economic opportunity and reduce income inequality in the District of Columbia, through independent research and policy recommendations.

I will focus my testimony today on two issues: the recent progress toward directing new affordable housing dollars to the most urgent housing needs, and the importance of new rental assistance for Trust Fund units to continuing that progress next year.

DHCD Has Prioritized Affordable Housing Funds for Greatest Needs

The fiscal year 2016 $100 million investment in the Housing Production Trust Fund was an important step in addressing the city's affordable housing crisis. Over the past year, DHCD has successfully put those new affordable housing dollars to work. So far, the agency has committed funds to produce and preserve over 800 units of affordable housing. This was an important sign that the District housing agencies and the affordable housing development community have the capacity to make the significant investments in affordable housing urgently needed by DC residents. We look forward to seeing another year of $100 million investment in the Trust Fund in FY 2017 to help more DC residents have a stable and affordable home.

We are glad that over the past year, DHCD has prioritized funds for housing affordable to those most likely to struggle with high housing costs, by requiring all new construction projects applying for the first round of FY 2016 funding serve families at 50 percent of the area median income or below. Though the proposed FY 2017 budget will be the second year of record funding for affordable housing, resources are nevertheless dwarfed by need. This means that directing available funds to the most urgent needs ensures that they have the greatest impact. In the next funding round, DHCD has again committed to directing all funds for new rental construction to units serving residents with incomes below 50 percent of the area median income, or $54,600 for a family of four. These are the households most likely to pay the majority of their income for rent – making it harder to afford basic necessities, to cope with unexpected expenses, or to save for the future.[1]

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[1] Wes Rivers, DC Fiscal Policy Institute, "Going, Going, Gone: DC's Vanishing Affordable Housing," 2015.

More Rental Assistance Needed for HPTF to Serve Lowest Income Families

While we are encouraged by the overall level of affordable housing funding in the FY 2017 budget, we are concerned that will be hard for the $100 million investment in the Housing Production Trust Fund to reach the lowest income, most vulnerable residents – those below 30 percent of area median income – who are often on the brink of eviction or homelessness. This is because the proposed budget includes no new rental assistance for Trust Fund units. Because the HPTF provides one-time financing assistance that does not cover ongoing operating costs, Trust Fund units typically need ongoing subsidy from the Local Rent Supplement Program to bring rents down to levels affordable to the lowest income households. Without new project- or sponsor-based LRSP, it is not clear whether the Trust Fund will be able meet its requirement to spend 40 percent of its dollars on housing for extremely low income families. We hope the Committee will ensure that another year's investment in the Trust Fund will reach the city's most vulnerable households by adding new project/sponsor-based LRSP in FY 2017.

Thank you, and I am happy to answer any questions.