DC Council Cuts Funding for Critical Affordable Housing Programs

The DC Council has cut money from two affordable housing programs to fund another, setting a dangerous precedent and undermining efforts to increase investments in affordable housing, according to the DC Fiscal Policy Institute. The District won’t solve its growing housing challenges unless it increases funding for all key housing programs, DCFPI has found.

The Council cut the Housing Production Trust Fund (HPTF) to $120 million, down from $130 million in the proposed budget, and completely zeroed out $15 million that was proposed for the Affordable Housing Preservation Fund (Preservation Fund). In return, the Council added nearly $8 million in new funding in FY 2020—and a total of more than $32 million over four years—for the Local Rent Supplement program (LRSP).

DCFPI estimates that the Housing Production Trust Fund, DC’s primary tool to finance the production of affordable housing, needs at least $200 million each year to meet our most serious affordable housing challenges. The Council should have added to the proposed budget of $130 million, not reduced it.

DCFPI notes that the Preservation Fund, created in 2017, is important to stopping the displacement of residents of color. The District lost at least 1,000 units of subsidized housing between 2006 and 2014 and another 13,700 units with subsides will expire by 2020. Eliminating the Preservation Fund will mean that many of these units are at risk of converting to high-priced housing. The Preservation Fund also helps tenants exercise their Tenant Opportunity to Purchase Act (TOPA) rights to buy their buildings. Many TOPA projects are home to immigrant families and long-time Black residents, which means that weakening TOPA would accelerate displacement pressures.

Preservation is an effective strategy. It costs one-third less than new construction, and every dollar of public money leverages $3 in private financing. That means the Council’s $15 million cut is really a cut of $60 million. In a short time, the Preservation Fund has kept over 1,700 units of affordable housing from being lost to upscaling.

“With 20,000 Black residents displaced between 2000 and 2013, DC must continue efforts to preserve and create more affordable housing, rather than pitting DC’s affordable housing tools against each other,” said Kamolika Das, Policy Analyst at DCFPI.

“DC needs to be investing more resources in affordable housing,” said Doni Crawford, Policy Analyst at DCFPI. “The District has never before cut effective affordable housing programs to fund another. It makes no sense and sets a dangerous precedent.”

DCFPI urges the DC Council to restore these cuts at the second budget vote on May 28.

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