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**Testimony of Eliana Golding, Policy Analyst
At the Budget Oversight Hearing on the
Department of Housing and Community Development
DC Council Committee on Housing and Neighborhood Revitalization
June 8, 2020**

Good afternoon Chairperson Bonds and members of the Committee. I am grateful for the opportunity to speak with you today. My name is Eliana Golding, and I am a housing policy analyst at the DC Fiscal Policy Institute. DCFPI is a non-profit organization that promotes budget choices to address DC's economic and racial inequities and to build widespread prosperity in the District of Columbia, through independent research and policy recommendations.

Today, I would like to focus my testimony on:

- The importance of increasing the Affordable Housing Preservation Fund to \$10 million, matching the District's FY 2020 investment in the Fund;
- The need to maintain the \$115.6 million funding level for the Housing Production Trust Fund (HPTF); and,
- Adopting a revenue strategy to support robust investments in affordable housing for the District's lowest income residents.

Pandemic Underscores Importance of Housing Stability

Housing stability is an essential foundation for the overall health and well-being of all DC residents and communities.¹ And, the pandemic has made the connection between housing and life even more evident when one of the keys to staying healthy is staying at home. The sharp spike in pandemic-related job losses has likely put thousands at risk of eviction in our city, making robust community investments in long-term affordable housing stock and stability a more urgent priority for our city. As elected officials identify public resources for emergency rental assistance, they should remember that many low- and moderate-income families in DC were already severely rent burdened before the shutdown. This means that a one-time, minimal boost in funding will not adequately address recurring community needs.

Creating and preserving affordable housing also is critical to addressing DC's racial inequities. The enduring legacies of structural and individualized racism—racist zoning and residential segregation, redlining, restrictive covenants, practices barring federal employment and access to Homestead and New Deal programs, etc.—prohibited Black families from equitably accessing the housing and employment markets for years and continue to harm all communities of color today. This explains why nearly 90 percent of extremely low-income, severely rent-burdened households in the District are headed by a person of color, and most of them are Black.² Addressing housing stability for these families is critical to protecting the culture of historically Black neighborhoods and curbing displacement.

Invest in the Preservation Fund to Strengthen Housing Affordability and Stability in Low-income Neighborhoods

Given the severity of the affordable housing crisis, and the urgent need to preserve our naturally occurring housing stock, we urge the Council to invest at least \$10 million in the Preservation Fund. Yet, the Mayor proposed to invest only \$1 million in new District dollars for the Affordable Housing Preservation Fund in FY 2021, just a tenth of the investment that she proposed last year.

Investing in preservation is cost efficient. Preservation costs just half to two thirds of new construction costs, and the financing from this funds recycles—that is, as projects repay, the dollars can go toward preserving more affordable homes, ensuring that native Washingtonians, especially Black and brown residents, are able to stay in their communities.³ And, the Preservation Fund uses public dollars to leverage private dollars in a 3:1 match to offer acquisition and predevelopment financing for projects that preserve existing affordable housing in the District. The public-private nature of this fund means that even a small increase in public investment results in a much larger investment.

In the wake of the pandemic, the District should be prepared with powerful preservation tools to stave off a subsequent wave of gentrification that could hit our city. Our housing stock is aging, and we are beginning to see that owners of small properties are seeking to sell because they can no longer to afford to renovate and maintain their buildings. While the scope of long-term harm of this recession is still unclear, we can anticipate that this trend will only accelerate. Instead of allowing private, for-profit real estate ventures to take advantage of these sales, the District should strengthen the Preservation Fund as a tool that allows developers who are committed to affordability to purchase those properties. This will prevent displacement and preserve long-term affordability.

The District Should Maintain Strong Investments in Affordable Housing Production

Investment in the Affordable Housing Preservation Fund should not come at the expense of the Housing Production Trust Fund, which is also a vital tool to build and preserve affordable housing. We urge the Council to preserve the original FY 2020 increase and devote \$115.6 million in FY 2021. Mayor Bowser has acknowledged that demand for affordable housing is so high that \$250 million would be an appropriate investment. At minimum, maintaining FY 2020 levels would help put DC on a path to meeting the most serious affordable housing challenges over the next decade.

The District Should Adopt a Bold Revenue Strategy

To build a just economy, the Council should raise additional sources of revenue in order to make strong investments in affordable housing and to stem the tide of displacement of Black and brown low-income communities. While we applaud the Mayor's resourceful leadership in finding ways to stave off major cuts, her FY 2021 budget does not go far enough. We urge the DC Council to consider the revenue strategies presented in the Fair Budget Coalition's Revenue Recommendations letter (Appendix A), including but not limited to:

- Making wealthy residents, particularly those earning over \$350,000 in taxable income, pay their fair share of income taxes;
- Repealing the Qualified High Tech Company Tax Incentive, which the CFO has found to be ineffective and poorly targeted; and,
- Closing other tax loopholes that allow profitable corporations to not pay their fair share; and,
- Using more of our reserves to address immediate needs.

The recent surge in police violence against Black communities reminds us that state-sanctioned oppressions have long been manifestations of larger degradations—structured economic injustice, entrenched inequality, and racism. To build a fair budget, DC Council should also examine the Metropolitan Police Department's \$576 million budget and redirect a portion of funding into programs that actually support, protect, and stabilize communities.

We have a choice about how we want to craft our recovery as a city. Will we come together and create innovative revenue strategies to build a stronger, more inclusive future, or will we allow inequities to widen, forcing out longtime residents and workers who are the backbone of our economy?

Thank you for the opportunity to testify and I look forward to answering any questions you might have.

¹ For example, having a safe, affordable, and stable home is connected to positive life outcomes in school performance, job retention, physical and mental health, and economic security. See: Maya Brennan and Martha Galvez, “Housing as a Platform: Strengthening the Foundation for Well-being, the Urban Institute,” September 2017, https://www.urban.org/sites/default/files/publication/93606/housing-as-platform_1.pdf.

² Claire Zippel, “Building the Foundation: A Blueprint for Creating Affordable Housing for DC’s Lowest-Income Residents,” April 4, 2018, <https://www.dcfpi.org/all/building-the-foundation-a-blueprint-for-creating-affordable-housing-for-dcs-lowest-income-residents/>

³ Preservation Network Preservation Strategy Working Group, “Maintaining Economic Diversity and Affordability: A Strategy for Preserving Affordable Rental Housing in the District of Columbia DC,” December 2014, <https://greaterdc.urban.org/sites/default/files/2018-06/Preservation%20Strategy%20Dec2014.pdf>.