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The Washington
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A Voice for Housing and Justice

May 7, 2015

District of Columbia Zoning Commission
441 4th Street, NW
Suite 210-8
Washington, DC 20001

RE: Statement of the Party Opponent: Zoning Commission Case No. 14-18.

Honorable Members of the Zoning Commission,

Good Evening, my name is Will Merrifield and I am here tonight as the authorized representative of the Brookland Manor/Brentwood Village Residents Association (the "Association") We are appearing tonight in opposition to the proposed PUD. All members of the Association are current tenants of Mid-City Financial and live in the buildings that the proposed PUD seeks to demolish.

I will begin my statement by briefly summarizing the state of affordable housing in the District and then analyzing the affordable housing plan proposed by the PUD After I am finished, the residents and members of the Association to my right will testify about the concerns they have regarding the proposed redevelopment. Also, testifying tonight is Doctor Edward Ameen Doctor Ameen is a trained phycologist who works extensively with homeless youth. His testimony will focus on the effects of housing displacement on children.

I also want to stress that the Association has engaged in talks with Mid-City prior to this hearing and has listened to and considered their proposals regarding their affordable housing and relocation plans Our presentation tonight is not meant to demonize them in any way. Rather, we simply wish to highlight our concerns in an effort to achieve a truly equitable redevelopment that does not result in the loss of one unit of current affordable housing and maintains current bedroom sizes and subsidy levels at the property. These issues are relevant to the Zoning Commission because the proposed public benefits offered are not offset by the loss of affordable housing that the PUD would create. Furthermore, we feel the proposal is inconsistent with the Comprehensive Plan in that it seeks to demolish and will not replace apartments currently occupied by families living at the property in three, four, and five bedroom units These concerns were shared by the Office of Planning in both their reports filed on March 13, 2015 and April 27, 2015.

The Association's concerns regarding the loss of affordable housing are heightened by the current affordable housing crisis in Washington DC. Presently, in the District, a person making minimum wage must work approximately 137 hours per week, 52 weeks a year, or earn $28 25 an hour at 40 hours per week to afford a 2 bedroom apartment at Fair Market Rent.[1] Furthermore, according to a recent report issued by the DC Fiscal Policy Institute, it now appears the private market has very few, if any, low-cost units left. The Fiscal Policy report found that the number of apartments with monthly costs below $800 roughly matches the number of federally and locally subsidized housing units This suggests that subsidized housing is now virtually the only source of apartments priced at $800 or lower in the District.[2] **See Exhibit 1.** Despite these facts, the subsidized housing waitlist is closed and sits at approximately 70,000 households The consequence of this increasingly unstable housing market has been the displacement of nearly 40,000 African American residents from the District since 1990.[3] That number continues to grow exponentially each year.

With this context in mind, I will now turn to the Applicant's proposed affordable housing plan at Brookland Manor/Brentwood Village. Currently, there are 535 affordable housing units on site. **See Applicant's Exhibit No. 75A.** Of these 535 total affordable units- there are 491 occupied units The reason all 535 units are not occupied is because the Applicant is not backfilling units due the anticipated redevelopment. Of the 535 total units, 373 units are maintained as affordable by a project based Section 8 contract- while the rest are occupied by Section 8 voucher holders and/or a small number of market rate renters. Mid-City's current proposal plans to reduce the number of total affordable units from 535 to 373. On its face, that is a reduction of 162 affordable units

Moreover, the Applicant is proposing to eliminate 145 three, four, and five bedroom units. The elimination of these family friendly units from the redeveloped property will completely change the demographics of the property- shifting it from a family friendly

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[1] National Low Income Housing Coalition "Out of reach"· Available at http //nlihc org/oor/2014/DC
[2] DC Fiscal Policy Institute, Going, Going, Gone DC's Vanishing Affordable Housing Available at http //www dcfpi org/going-going-gone-dcs-vanishing-affordable-housing
[3] Washington Post, A Shrinking Majority, March 25, 2011 Available at http //www washingtonpost com/wp-srv/special/local/dc-census-2010/

inclusive community into a high density community made up of mostly affluent single households along the rapidly gentrifying Rhode Island Ave. corridor.

The Applicant stated on page 4 of their Second Supplemental Pre-Hearing Statement that they anticipate 424 units of the existing project to be occupied as of January 1, 2018 and that all those tenants will have the right to return. However, the Applicant's own math disproves this assertion. Again, the Applicant only projects that there will be 373 affordable units at the redeveloped property. This number alone makes it a mathematical certainty that under the current plan residents will be displaced. This realization becomes more clear when one considers that 200 of these units will be set aside for senior citizens. When these senior citizen units are coupled with the loss of family units, the only logical conclusion that can be drawn is that a large number of current households will be displaced from the proposed redeveloped property

Moreover, according to the Applicant's numbers there are 163 senior citizens currently living at Brookland Manor. The Applicant did not specify how many of these seniors currently live with family members or the breakdown of bedroom sizes in the proposed senior building. Without these numbers, it is impossible to tell how many seniors currently living in Brookland Manor will qualify for the new senior citizen building. Also, the lack of large bedroom sizes in the overall redevelopment will almost certainly cause many seniors living on site to have to choose between moving into the senior building or continuing to live with their families- some of these family members may be currently acting as caretakers for non-independent seniors

The significance of the loss of these family units cannot be understated. Although, the families displaced may be eligible to receive vouchers, practical experience teaches us that it can be very difficult to access housing in the District even with a voucher. This is especially true if the voucher holder has a large family. These families will be competing with families displaced from Barry Farms and other public housing sites scheduled to be redeveloped in the near future. Furthermore, HUD rent ceiling limits are unable to support rents in the current neighborhood. A study from Center for Regional Analysis at George Mason University shows that that eight of the top ten census tracts with the highest concentration of voucher recipients are all east of the Anacostia River even though less than a quarter of the city's population lives there The tracts with the highest concentrations are in Washington Highlands (Ward 8), Fort Davis (Ward 7), Douglass (Ward 8), and Lincoln Heights (Ward 7). **SEE EXHIBIT 2**

Not only are most of these units concentrated in a certain geographic location, but the housing market that accepts vouchers is notorious for being a "sub-prime" market Many units in this market contain housing code violations and are owned by unscrupulous landlords that take advantage of families in precarious housing situations. They do this by charging usurious late fees and passing on costs that they are responsible for to their tenants. An example of this behavior can be found at the properties owned by Sanford Capitol which sit above the Congress Heights Metro Recently, this Commission heard stories of raw sewage build up in the basement of those buildings and their lack of heat or hot water in the winter months Moreover, tenants in those buildings are charged late fees as high as 100 dollars per month. Many tenants in those buildings occupied their units with vouchers.

All this means that as a consequence of this redevelopment families will be uprooted from their current community and forcibly displaced to some other part of the city. In many instances, the conditions in their new housing will be measurably worse than in their current location Also, as with any redevelopment and relocation of this size, many tenants will ultimately not be able to find housing and face the very real possibility of becoming homeless.

Furthermore, as stated in ANC's 5B resolution, most children that currently reside in Brookland Manor attend nearby schools such as Noyes Education Campus and M M Bethune Day Academy. **See Record- Exhibit No. 78**. These children will have to adapt to a new school and experience the "root shock" of losing their existing social networks and support systems. This could have devastating consequences for their mental health well-being and school performance.

As made clear by the Applicant, there is also the possibility of an exponentially greater loss of Affordability should the current Section 8 project based contract not be renewed. If this happens, the only affordability guaranteed at the redevelopment are the numbers contained in the Applicant's Exhibit No. 75. These read as 165 units affordable at 80% AMI, which will serve none of the current residents, and 164 units at 50% AMI which theoretically could serve families or individuals with vouchers if their household composition met the new restrictive guidelines.

In closing, we feel that it would be irresponsible for the Zoning Commission to approve the PUD while these outstanding issues remain The Association would like a commitment from the Applicant to retain the 535 currently affordable units at their current subsidy levels and bedroom sizes Furthermore, the Association feels it is important that the Applicant commit to a build first approach to eliminate displacement at the current site. In short, we believe that everyone who lives in Brookland Manor now should be able to stay on site during phased construction and ultimately live in the redeveloped site.

I will now turn it over to our panel. Thank you and I would be happy to answer any questions at this time or at the conclusion of the testimony of all witnesses.

Sincerely,

William Merrifield
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Staff Attorney
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March 12, 2015

Going, Going, Gone: DC's Vanishing Affordable Housing

By Wes Rivers

Introduction

Rapidly rising housing costs led to a substantial loss of low-cost rental housing in the District over the last decade, yet there was little growth in wages for many residents, which means that rent is increasingly eating away at household budgets. As the District's high cost of living continues to outpace incomes, more and more residents struggle to pay for housing while also meeting other necessities like food, clothing, health care, and transportation. The loss of affordable housing threatens the physical and mental health of families, makes it harder for adults to find and keep a job, creates instability for children that makes it hard to focus at school, and leaves thousands at risk of homelessness at any given moment.

This analysis looks at the costs of rent and utilities paid by District residents over the last decade, and how these trends have affected residents' ability to afford and live in DC, using data from the Census Bureau's American Community Survey. The findings suggest that policymakers need a comprehensive strategy to preserve the low-cost housing that now exists and to create more affordable housing options in the city.

- **Rents have grown sharply but incomes have not for many DC households.** For example, rents for residents with incomes of about $22,000 a year increased $250 a month over the past decade, adjusting for inflation, while incomes remained flat. For these residents, average rents now equal half of average income.

- **The District now has half as many low-cost units as in 2002.** The number of apartments renting for less than $800 a month fell from almost 60,000 in 2002 to 33,000 in 2013. (Unless otherwise noted, all rental and income figures are adjusted for inflation to equal 2013 dollars). These findings suggest that there is very little low-cost housing in the private market and that subsidized housing is now virtually the only source of inexpensive apartments. Meanwhile, the number of apartments with higher rents –above $1,400–has skyrocketed.

- **Very low-income households have felt the greatest pinch, with most spending more than half of their income on rent.** Among DC's lowest income residents, 64 percent devote half or more of their income to housing. And one-third of more moderate-income families, with incomes up to $54,000, have housing cost burdens this severe.

Exhibit 1

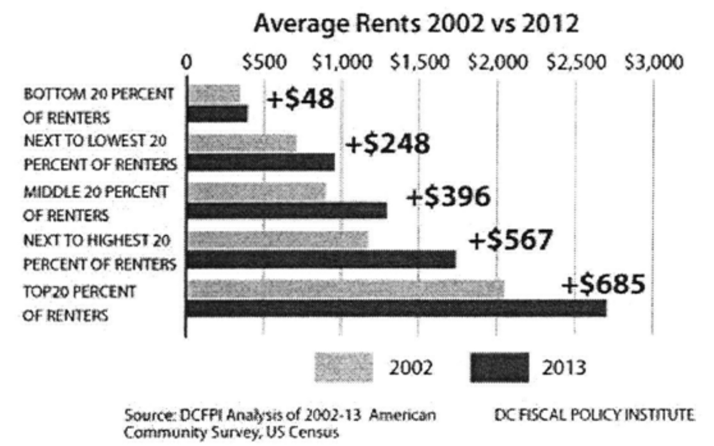
These trends won't reverse on their own. To help, DC must take significant action, including coming up with a comprehensive affordable housing strategy that promotes production of new affordable units, preservation of existing units, and funding for housing vouchers for low-income renters.

District Rents Are Growing Far Faster Than Incomes for Most Residents

The District's economic renaissance – reflected in a growing population, an influx of college educated young professionals, and rapid development in many neighborhoods across the city – has led to rising rents for virtually all residents – from those needing the lowest-cost housing to those looking for luxury apartments. Rents have grown faster than income for virtually all households.

Figure 1

Rents Have Grown for Virtually All Renters in The District



- Monthly rents for the least expensive apartments in the District increased from an average of $350 in 2002 to $400 a month in 2013, after adjusting for inflation. (See **Figure 1**). It is likely that many of these apartments are receiving some kind of housing subsidy.

- Yet the already low incomes for renters at the bottom remained essentially flat, at just $6,100. This means that the average rent for this group equaled 80 percent of average income.

- Rents for the next highest tier of apartments rose by $250 a month, to almost $1,000. Meanwhile monthly income for families at this tier, under $1,900 a month, did not grow at all. Average rents at this level equal more than half of the average income.

- Rents also rose much faster than income for moderate-income households. In 2013, the typical middle-income renters earned $46,000 a year, a gain of $4,000 since 2002. However, this gain was outstripped by rents for moderate priced unites that rose almost $5,000 per year, from $900 to $1,300 monthly. For DC households in the middle, typical rents are about 34 percent of average income.

The stagnant incomes for these households reflect flat or falling wages for low-wage workers in the wake of the recession. Residents without a college degree have been hit particularly hard, with these residents facing growing unemployment since 2008.[1] **Table 1** illustrates these income trends.

Table 1

Average Incomes Have Not Grown for Low- Income DC Renters

Quintile		Average (Annual) 2002	Average (Annual) 2013	Percent Change
1	Income	$6,388	$6,056	0*
	Rent	$4,175	$4,740	14%
2	Income	$22,682	$22,341	0*
	Rent	$8,468	$11,466	35%
3	Income	$41,990	$45,970	9%
	Rent	$10,785	$15,531	44%
4	Income	$67,193	$81,810	22%
	Rent	$14,041	$20,839	48%
5	Income	$157,333	$171,721	9%
	Rent	$24,536	$32,432	32%

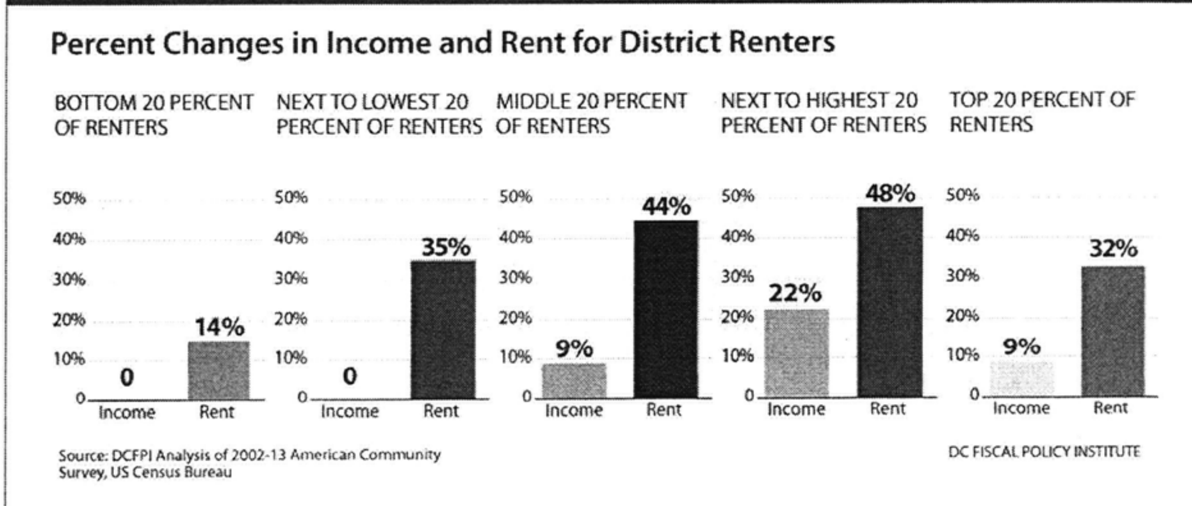
Source: DCFPI Analysis of American Community Survey Data, all figures are adjusted to equal 2013 dollars. * Indicates a statistically insignificant difference.

Rents Rose at the Upper End of the Market as Well

Rents also rose for apartments in the upper half of the city's rental market. But the gains in income were higher than the rent changes. For example, rents at the highest end of the market rose from $2,045 a month to $2,700 – an increase of $7,900 a year. Average income for this group rose by $14,000.

Figure 2

Rents Grew Faster than Incomes for All Renters, but Low- and Middle-Income Renters Saw the Most Disparity



[1] Griffin, Jasmin and Jenny Reed. 2014. "Falling Short: The District's Economic Recovery Is Leaving Several Groups Behind." DC Fiscal Policy Institute.

The Number of Low-Cost Apartments Has Fallen Dramatically

Another way to look at how the city's changing housing market is affecting DC households is through the availability of apartments at different prices. Low-cost rental housing that was once readily available for low-income families, including in the private market, is a shrinking part of the city's housing market today. As rents have increased and rental housing production has shifted to meet demand for higher-priced luxury units, the supply of low-cost units has dwindled.

Table 2
Distribution of Rental Units

	2002	2013
Total Rental Units	143,528	161,362
Below 800	57,756	33,433*
Percent of Rental Stock	40%	21%
800-1000	27,755	20,200*
Percent of Rental Stock	19%	13%
1000-1200	17,576	19,649
Percent of Rental Stock	12%	12%
1200-1400	12,812	15,010
Percent of Rental Stock	9%	9%
1400-1600	7,550	16,294*
Percent of Rental Stock	5%	10%
1600+	20,078	56,786*
Percent of Rental Stock	14%	35%

Source: DCFPI analysis of 2002-2013 American Community Survey 1-Year Household Estimates. All figures adjust for inflation. * Indicates a statistically significant difference in share of units.

- In 2002, about 58,000 rental units had rent and utility costs of less than $800 (in 2012 dollars) per month. That represented about 40 percent of the entire rental housing stock in the District.

- By 2013, the number of low cost units fell to 33,000. This means that the District lost nearly half of its affordable units, and that low-cost housing is now just one-fifth of the rental housing stock (see **Table 2**).

- The number of moderately priced apartments also is shrinking. There were 20,000 homes with rent and utility costs between $800 and $1,000 per month in 2013, down from 28,000 in 2002.

These figures confirm that housing options are declining for low-and moderate-income residents. This also suggests that rising rents have eliminated virtually all low-cost housing in the private market in the District. The number of apartments with rent and utilities below $800 a month has been close to 30,000 since 2010, according to Census data. This is roughly the number of homes in DC receiving substantial housing subsidies – such as public housing, federal housing choice vouchers, and local rent subsidies– according to government records, there are roughly 36,000 homes that get these kinds

What is a "Low-Cost" Unit?

For the purpose of this study, DCFPI defines "low-cost units" as those with rent equal to $800 per month in 2012 dollars. This figure updates for inflation (and rounding) the $750 threshold used in DCPFI's 2010 study, "Disappearing Act: Affordable Housing in DC is Vanishing Amid Sharply Rising Housing Costs." The study found monthly rent of $800 an appropriate measure of "low cost" due to it representing the bottom fifth of the rental market. The rent level is also roughly 42 percent of the income made by a family of four at the poverty line, $23,800 in annual income. Since few low-income renters pay less than 50 percent of their income toward rent, the study found this to be an appropriate rent burden.

Why Affordable Housing Matters

Stable and affordable housing is a critical foundation to stable families and communities. The lack of affordable housing can force families to make frequent moves or live in unsafe or unhealthy conditions. This instability makes it harder for adults to find and keep a job and for children to succeed in school. High housing costs also force families to cut back on other necessities and leaves them at risk of homelessness.

- **High housing costs force cuts in other necessities:** Low-income households with severe housing cost burdens spend less on basic necessities than other low-income households A study by the Joint Center for Housing Studies showed that severely burdened low-income families spent $160 less on food, $28 less on healthcare, $152 less on transportation, and $51 less on retirement savings than low-income households that do not face severe housing burdens. This suggests high housing costs make it hard for families to get enough food and to get to work and school, among other challenges.(1)
- **The lack of decent and affordable housing affects school outcomes:** A 2012 Urban Institute report notes that "children who experience homelessness or are living in overcrowded, doubled-up situations may lack the necessary tools to do well in school" and that "parents experiencing homelessness or residential instability may not be able to prioritize helping children with their homework or be involved in school activities." The report notes that children living in overcrowded conditions complete less schooling than their counterparts, and that frequent household moves result in higher absenteeism and poorer academic performance. By contrast, living in decent housing supports a stress-free environment that helps children succeed.(2)
- **Poor quality housing affects health:** Families living in low-quality housing, particularly children, may suffer severe health consequences. For example, low-income children living in deteriorated housing with infestations of cockroaches, mice, and mold, suffer from high rates of asthma, which is one of the leading causes of school absence Lead poisoning, an attribute of low-quality housing, is associated with developmental delays and poor educational outcomes.(2)
- **A lack of affordable housing hinders economic growth:** The Center for Housing Policy notes that many businesses find a lack of affordable housing in their area makes it difficult to attract and retain employees. The report notes that "From an employer's perspective, a lack of affordable housing can put a local economy at a competitive disadvantage." (3)

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1 Joint Center for Housing Studies at Harvard University, "The State of the Nation's Housing," 2011,

2 Mary Cunningham and Graham MacDonald, Urban Institute, "Housing as a Platform for Improving Education Outcomes among Low-Income Children," May 2012

3 Center for Housing Policy, "The Role of Affordable Housing in Creating Jobs and Stimulating Local Economic Development," January 2011

of subsidies.[2][3] This implies that nearly all of the low-cost housing in DC results from government subsidies and that low-cost private rental housing has virtually disappeared.

High-Cost Housing Stock is Growing Rapidly

The loss of low-cost housing can be compared to the rapid growth in the number of higher-priced units. From 2002 to 2013 the number of rental units priced at $1,400 or more grew from 28,000 to 73,000 and now represent almost half of the rental stock. This suggests that lower-rent units are being replaced with units costing $1,400 or more.

With stagnant income and few low-cost rental opportunities, low-income residents face hard choices, including whether to skip payments on other bills or necessities like health care to devote more of their income to rent and utilities.

More District Residents Are Facing a Severe Rent Burden

Rising rents and stagnant incomes are forcing many residents to put more of their income towards housing expenses. The U.S. Department of Housing and Urban Development considers it unaffordable – or "a severe housing (or rent) burden" – for a household to pay more than 50 percent of its gross income on rent and utilities. Devoting a large share of income to housing expenses can put severe limitations on a households' budget, making it difficult to afford other necessities such as food, clothing, transportation, and health care.

Table 3

DC Area Median Income (AMI) For A Family of Four, 2013

30% AMI	32,220
50% AMI	53,650
80% AMI	85,840
100% AMI	107,300
120% AMI	128,760

Source: U.S. Department of Housing and Urban Development – adjusted for 80 and 120 percent, then followed HUD guidelines for 1-3 and 5-8 person households

The most serious impact of the loss of affordable options is falling on low-income residents. The city's poorest families, who already faced enormous housing challenges a decade ago, are being squeezed even more today.

But moderate-income households, who typically did not face severe housing cost burdens in 2002, also face an alarming increase in housing affordability problems, with a growing number paying more than half of their income for rent.

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[2] The Census Bureau's American Community Survey, the source of data on housing costs used in this analysis, does not include information on whether a home receives housing subsidies, so it is not possible to directly measure the share of the low-cost housing in DC that is subsidized or the extent to which there is low-cost unsubsidized housing in the private market.

[3] Leah Hendley, Peter A. Tatian, Graham Mcdonald. Urban Institute. "Housing Security in the Washington Region (including Appendix: District of Columbia Housing Security Profile)." Note: local supplement estimate on page 37 plus appendix number for HUD programs. http://www.urban.org/publications/413161.html

Most low-income renters spend half or more of their income on housing. Some 64 percent of households with incomes **below** $32,220 – which is 30 percent of the area median income (AMI) – have a severe rent burden (See **Table 4**.). This has grown substantially from 2002, when half of very low-income households faced severe rent burden.

Many moderate-income residents face sharply rising rent burdens. Since 2002, severe housing burdens among households with incomes between $32,000 and $54,000 for family of four (30 percent to 50 percent of AMI) rose from 8 percent to 31 percent. And 10 percent of households with incomes between $54,000 and $86,000 for a family of four (50 percent to 80 percent of AMI) paid more than half their income on housing in 2013, while virtually none (not a significant result) had such problems a decade earlier.

Table 4

Severe Rent Burden on the Rise for Low-and-Moderate Income Households

AMI	% Of Households Burdened 2002	2013
<30%	50%	64%*
30%-50%	8%	31%*
50%-80%	1%	10%*
80%-100%	0%	1%
100%-120%	0%	0%
120%+	0%	0%

Source: DCFPI analysis of 2002-2012 American Community Survey 1-Year Household Estimates. All figures adjust for inflation. * indicates a statistically significant change in share of households burdened.

Overall, one in four renters in DC now spends more than 50 percent of their income on rent and utilities. Some 41,000 renters are in this situation, up from 27,000 in 2002.

Components of an Affordable Housing Strategy

The disappearance of low-cost housing and the sluggish incomes of low- and moderate-income earners is causing a real crunch for household budgets. Severely high housing costs leave most low-income families with little income to meet other necessities, at risk of losing their apartment, and under high levels of stress from not having the certainty of a stable home. If the District is to reverse these trends and ensure that residents at a wide range of incomes can afford to live in the city and contribute to its vitality, it will need a comprehensive approach that both produces new affordable units and preserves the city's existing low-cost housing units. This also will require the District to provide adequate funding for key affordable housing programs. Together, these initiatives can support residents and provide a path to housing and economic stability.

The District should allocate $100 million annually to the Housing Production Trust Fund (HPTF). The Housing Production Trust Fund supports the construction, rehabilitation, and acquisition of housing for low- and moderate-income residents. It is the District's largest locally funded affordable housing program. Yet, low and sporadic funding in recent years have significantly weakened the HPTF's ability to address DC's affordable housing challenges. The District passed legislation in 2014 setting a goal of providing $100 million annually for the Housing Production Trust Fund, but it has not yet been funded. Mayor Bowser and the DC Council should ensure that this bill can be implemented by identifying the necessary resources.

In addition, the District should identify a more stable source of funding for the HPTF. Because housing developments take years to plan and build, predictable funding is needed for developers who are considering a new housing project.

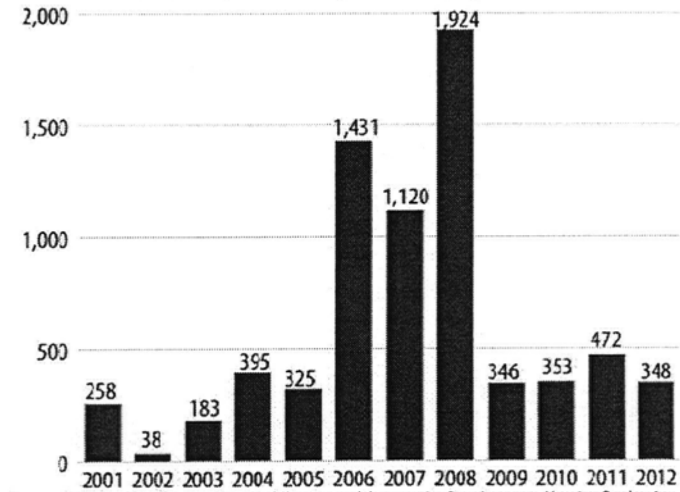
Currently, HPTF has a volatile funding source. It receives 15 percent of taxes collected when properties are bought and sold – deed recordation. However, real estate sales volume and sales prices fluctuate greatly in economic boom and bust periods, leading to large swings in HPTF funding. In the Great Recession, for example, annual funding for the Trust Fund fell by two-thirds.

DC could increase the funding level and stability by funding the HPTF with a set amount of deed transfer and deed recordation taxes rather than relying on a percentage of these taxes. Or it could set an appropriation from the District's general fund each year, the way that most DC programs are funded, rather than tying funding to a volatile tax source.

Figure 3

Affordable Housing Production Slows After the 2008 Recession With Falling Funding

Number of Affordable Housing Units (at 80% or less than the area median income) Created by the HPTF, By Year



Source: Data from the DC Department of Housing and Community Development, Housing Production and Affordable Housing Annual Reports through FY 2012.

DC Should Develop an Affordable Housing Preservation Plan and Strategy. The findings of this report suggest that virtually the only remaining low-cost housing in the city is subsidized in some way. Yet many subsidized units are at risk of loss, as owners of private market housing that receive subsidies face financial incentives to opt-out of keeping their buildings affordable. The District needs a strategy to preserve this currently affordable housing, which is more cost-effective than subsidizing new affordable housing and will help maintain mixed-income, diverse neighborhoods across DC.

Preservation of existing affordable housing is cost-effective and helps people stay in the communities that they have been part of for some time. Various preservation methods cost just half of what it would cost to build new affordable housing and can include upgrades such as energy efficiency that create ongoing savings for tenants and landlords.[4]

The District has many tools to preserve affordable housing. While there have been some very important successes, the lack of a coordinated, proactive policy for preservation has led to many missed opportunities, resulting in the loss of whole communities to sale, large rent increases, or condominium conversion.

A working group of the DC Preservation Network – an organization of community-based organizations and government agencies working to preserve affordable housing in the District—

[4] U.S Department of Housing and Urban Development (2013).

has developed a proposed preservation strategy for the District[5] The mayor and DC Council should adopt such a strategy to maintain diverse neighborhoods across DC

An Affordable Housing Preservation Strategy for DC

A key way to meet the need for affordable housing is to preserve the low-cost housing that currently exists. A working group of the DC Preservation Network — a group of community-based organizations and government agencies working to preserve affordable housing in the District — recently published a set of strategies with the goals of maintaining diversity in neighborhoods, preventing displacement of low- and moderate-income residents, preserving existing subsidized housing, and maintaining the stock of affordable market rate rental housing.

The report recommends that the District government take a number of steps, including the following:

Acquisition and Renovation Funding. Increase funding for the Housing Production Trust Fund to at least $100 million per year, as well as Local Rent Supplement Program subsidies tied to specific housing providers and projects.

Create Incentives to Extend Affordability Establish incentives to building owners to extend periods of affordability in exchange for property tax abatements, favorable refinancing or other benefits. Use federal preservation policies to complement District strategies.

Opt Out Legislation: Adopt legislation that will give the District the right to purchase a building when an owner chooses to opt out of a federal subsidy program

TOPA and DOPA: Increase and set aside funding annually for TOPA (Tenant Opportunity to Purchase Act) and DOPA (District Opportunity to Purchase Act) to acquire affordable properties that are offered for sale.

Low Cost Financing: Develop an apartment assistance program to provide low cost financing for renovations and energy retrofits to owners who agree to maintain affordable rents.

Public Housing: Promptly return vacant units to service, apply for all available capital financing from HUD to modernize and upgrade public housing properties, and maximize the number of public housing units authorized by the U S. Department of Housing and Urban Development.

The District should increase access to housing through the Local Rent Supplement Program (LRSP). LRSP provides rental subsidies to help very low-income families afford their homes Families pay 30 percent of their income toward rent and the LRSP subsidizes the rest of the cost of the unit. This allows the program to serve families at very low incomes, and it ensures that housing remains affordable if a family's income falls due to unemployment or other factors, since rental payments adjust when a family's income rises or falls

[5] *Maintaining Economic Diversity and Affordability A Strategy for Preserving Affordable Rental Housing in the District of Columbia*, DC Preservation Network Preservation Strategy Working Group, December 2014

The Local Rent Supplement Program supports affordable housing in a number of different ways Some LRSP subsidies are provided directly to a family or individual (tenant-based), who then use that to pay for a private-market apartment they find Some LRSP subsidies go directly to housing providers to help subsidize a specific unit (project- or sponsor-based) This helps ensure that housing providers can build and sustain housing for low-income residents

LRSP faces funding constraints that limit its reach The FY 2015 budget added $7 million to fund 500 additional vouchers – meaning the District is serving a total of 3,240 households There are 41,000 District households that struggling to afford the city's high housing costs, and as a result face economic instability A 2014 report from the Community Foundation and Urban Institute find that the city needs 22,000 additional housing units that are affordable to lowest income, which is likely to mean LRSP Increasing the number of LRSP subsidies is key to helping the large number of households facing severe rental burden

Strengthen DC's Inclusionary Zoning program. Inclusionary Zoning (IZ) helps ensure that new housing developments throughout DC include affordable homes for moderate-income residents Under IZ, developers are allowed to build more housing in a given development than standard zoning laws would allow, in return for setting aside some of the housing as affordable IZ thus works to create affordable housing without an investment of local tax dollars

Since DC's Inclusionary Zoning program was adopted in 2006, the need for affordable housing has grown, and at the same time the DC real estate market is stronger. Housing values and the volume of new housing production have recovered from the recession and increased significantly in recent years These factors would allow the District to strengthen IZ and get the most of out of this important affordable housing program

DC can strengthen IZ by

- Targeting housing produced by IZ to families at lower income levels
- Increasing the share of new housing that needs to be set aside for lower-income households.
- Ensuring that IZ prices are set to be affordable to the households intended to be served
- Lastly, the DC Zoning Commission needs to clarify the role of the mayor and nonprofits in purchasing IZ units in order to serve lower-income households or people with special needs to be clarified These are explained in greater detail in a joint letter sent to the Zoning Commission by DCFPI and other allies [6]

[6] Letter to Anthony Hood, Chair, DC Zoning Commission, January 7 2015 (http //www.smartergrowth.net/wp-content/uploads/2015/01/Strengthen-IZ-ltr-to-DC-ZC 1-7-15-FNL.pdf)

Accessing Opportunity:
Housing Choice Vouchers and Affordable Housing in the Washington, DC Region

By

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June, 2014

Exhibit 2

Executive Summary

In-migration of new residents has been both an opportunity for economic growth and a challenge for housing availability in the Washington, DC region New households have put pressure on an already-tight rental housing market, reducing both the availability and affordability of rental housing in the region While the region has seen intensive construction of high-end rental housing in the past three years, affordability remains particularly challenging for the region's low- and moderate-wage workers These residents depend on affordable rental housing, both through market-affordable units and housing subsidies

One method for expanding opportunities for low-income households to live in neighborhoods close to work and amenities has been the use of Housing Choice Vouchers (HCV) However, voucher-holders are concentrated in neighborhoods with poverty rates of 11 1%, compared to the regional average of 7 7% across all communities Many of these neighborhoods also have limited access to jobs and good schools Vouchers assist low-income housing-seekers by paying the difference between 30% of a household's income (HUD's definition of affordability) and the rent up to the Fair Market Rent (FMR), the upper limit set at the metropolitan level Most jurisdictions have long, closed waiting lists for available vouchers In the District, for example, the waiting list contains 72,000 households In most jurisdictions, landlords can refuse to accept vouchers (the District and Montgomery County are exceptions)

Housing vouchers are portable, meaning they do not have to be used in the jurisdiction in which they were issued, but they are unevenly distributed in the Washington, DC region In some cases, this is because there are limited rental housing options in affordable communities If vouchers were evenly distributed where households could use them, it would be expected that voucher concentrations would be located in neighborhoods with high concentrations of rental housing. However, in much of the region, housing choice voucher concentrations are in census tracts where the rental housing rate is lower than other tracts in which vouchers could be used There may also be questions of transportation access, awareness of available options, and openness of the community to affordable housing that prevent voucher-holders from accessing opportunity neighborhoods

This research examines the characteristics and location of census tracts with high concentrations of Housing Choice Vouchers High voucher concentration was defined as a concentration index greater than 1 5, meaning that the ratio of vouchers to total rental housing in the census tract was 8 25%, which is 50% higher than the regional average of 5 5% ("concentrated tracts") It then looks at the tracts where the small area fair market rent[1] is lower than the fair market rent for the Metropolitan Statistical Area and the voucher concentration is lower than the regional average ("affordable tracts") to better understand where voucher-holders could afford to live Finally, this research examined possible explanations for the concentration of voucher-holders in relatively few census tracts

[1] Small Area Fair Market Rents are calculated by the US Department of Housing and Urban Development at the zip code level based on the 40th percentile of gross rents for 2 bedroom units of recent movers from the American Community Survey http //www huduser org/portal/datasets/fmr/fmrs/FY2014_code/2014summary odn

Summary of Key Findings

- Suburban Maryland had the highest number of census tracts with concentrations of Housing Choice Vouchers with 156 tracts or 25 5% of the total number of tracts in the metropolitan statistical area The District had the highest percentage of concentrated tracts with almost half (45 5%) in which 8 3% or more of the rental housing unit were occupied by voucher-holders

- The highest concentrations of voucher-holders in the region are the District where almost 75% of the concentrated tracts are 150% more concentrated than the regional percentage of vouchers (or 13 1% of all rentals) Conversely, in in Virginia, only 25% of concentrated census tracts are as concentrated

- Voucher-holders are concentrated in 308 high-poverty and highly segregated neighborhoods, compared to other 412 tracts where rents are also affordable but voucher-holders are not concentrated Concentrated census tracts have regional poverty rate of 11 1%, compared to 9 1% in affordable non-concentrated tracts This contrast is most pronounced in the District where the rates are 24 7% and 15 4%, respectively

- Highly concentrated tracts have lower rental housing rates than their affordable counterparts except in the District Regionally, 40 0% of the units in affordable non-concentrated census tracts are rentals, compared to 35 2% in voucher-concentrated tracts This suggests that voucher distribution is not necessarily related to overall rental housing availability

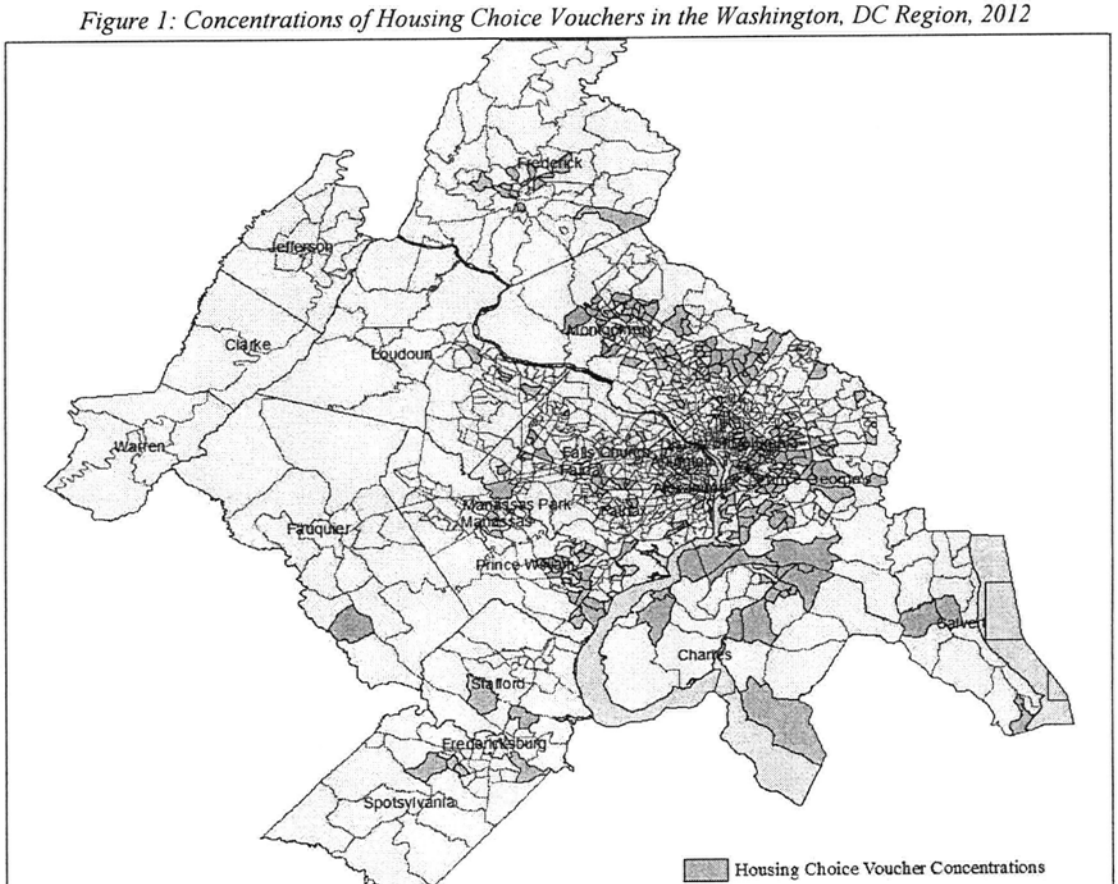
- The reverse is true of vacancy in voucher-concentrated and affordable, low-voucher neighborhoods In the region and in the District, vacancy rates are higher in voucher-concentrated tracts while in Maryland and Virginia tracts, vacancy rates are higher in the affordable tracts with fewer vouchers This is most pronounced in the District where vacancy rates are 16 7% in concentrated tracts and 11 2% in affordable tracts

Where are Housing Choice Vouchers used in the Washington, DC Region?

Housing Choice Vouchers (HCV) are used at various concentrations in almost 90% of the region's 1,349 census tracts. Across the region, vouchers are used in 5.5% of all rental housing stock. The District has the highest percentage of units where vouchers are used (9.3%), followed by Maryland (5.6%) and Virginia (3.7%). To get a better understanding of the concentration of vouchers in rental housing relative the region, a concentration index was created using the ratio of vouchers and rental housing in the tract over the ratio of vouchers and rental housing in the region. For this research a concentration index of 1.5 (or 50% greater than the regional average) is defined as a concentrated tract.

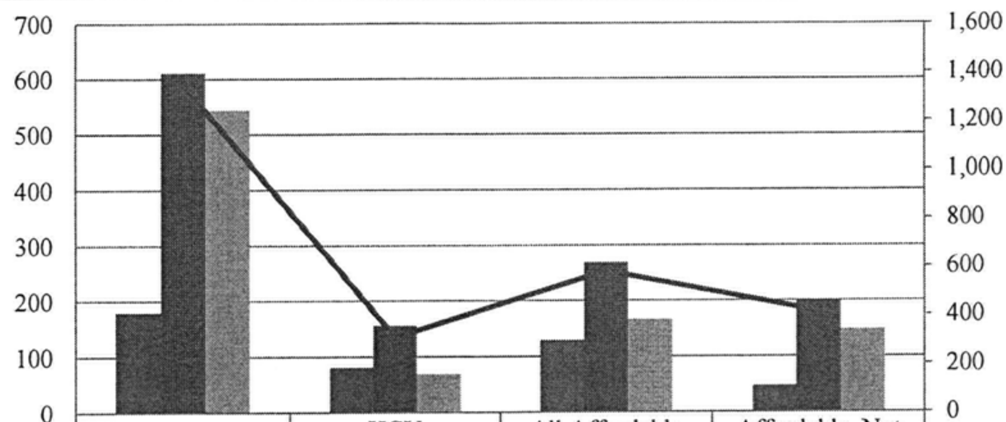
Figure 1 shows the concentrations of HCVs across the region. The largest concentrations are in the District where 45.6% of the city's total tracts are 50% more concentrated than the region, followed by Maryland (25.5%) and Virginia (12.8%). All of the District's concentrated tracts are located in the eastern half of the city, with the majority located east of the Anacostia River. In Maryland, 81% of the concentrated tracts are located in Montgomery and Prince George's counties, primarily along the I-270 corridor and in eastern Montgomery County and inside the Beltway in Prince George's County. Figure 2 shows the breakdown of tracts by state. Out of the region's 1,349 census tracts, 308 or 42.9% had high concentrations of Housing Choice Vouchers. Meanwhile, there were a total of 579 tracts with Small Area Fair Market Rents (FMR) that were below the region's FMR ("affordable tracts"). Of those, 412 did not have concentrations of voucher-holders.

Figure 1: Concentrations of Housing Choice Vouchers in the Washington, DC Region, 2012



Source: US Department of Housing and Urban Development: Picture of Subsidized Households, 2012; American Community Survey, 2012; GMU Center for Regional Analysis

Figure 2: Number of Tracts by Housing Choice Voucher Concentration Status



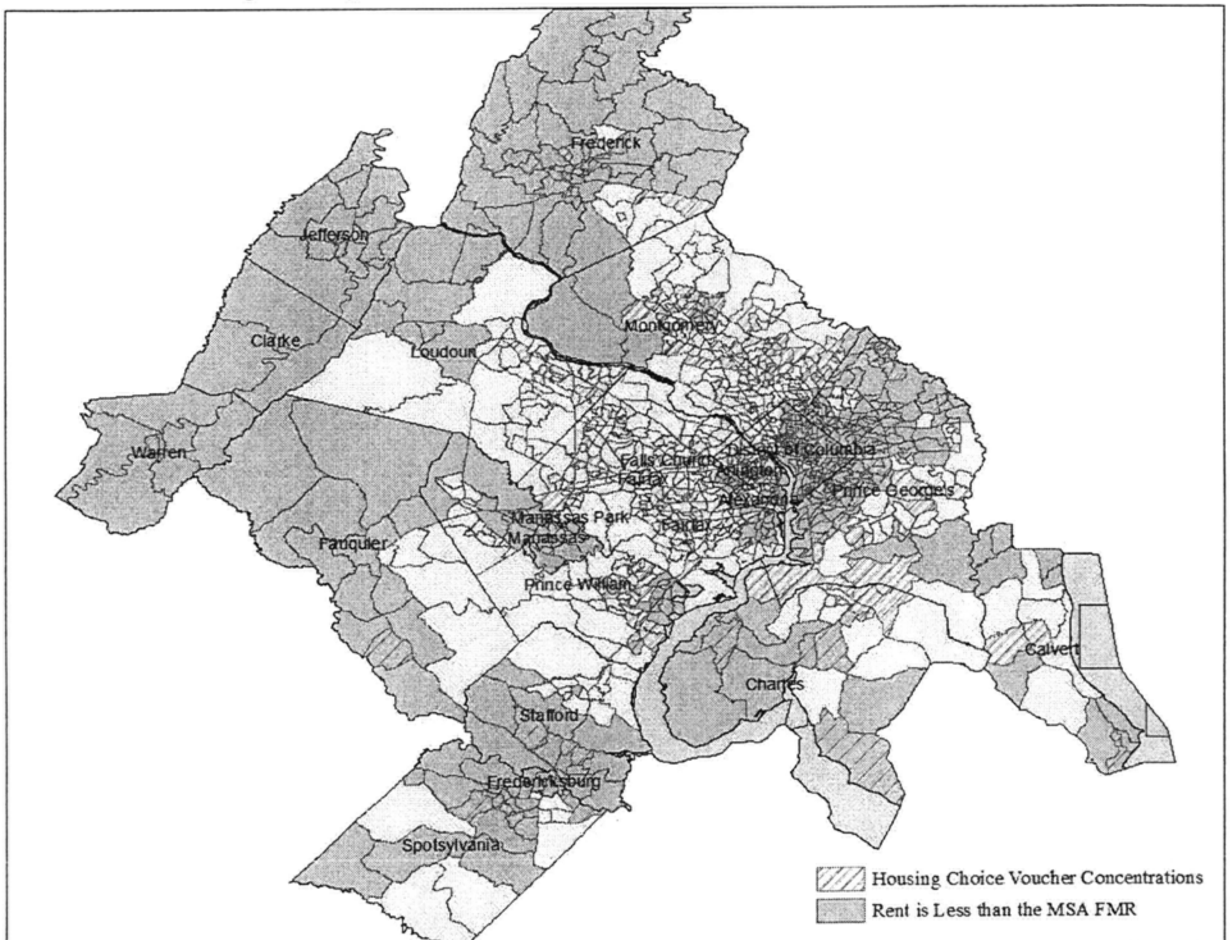
	All Tracts	HCV Concentrated	All Affordable Tracts	Affordable, Not Concentrated
DC	180	82	129	48
MD	611	156	269	200
VA	544	70	166	149
Total	1349	308	579	412

Source: Source: US Department of Housing and Urban Development: Picture of Subsidized Households, 2012; American Community Survey, 2012, GMU Center for Regional Analysis

Some voucher-holders lived outside of the low rent tracts in small pockets. They found affordable rents in areas like Arlington, Alexandria, and Montgomery County. Figure 3 maps the tracts where the rents are affordable in red and the tracts in which the 40% percentile rents are higher than the region's FMR are in beige. The lined areas represent tracts in which housing vouchers are concentrated. While there is significant overlap in the District between affordable and HCV concentrated tracts (only one concentrated tracts was not also an affordable tract), Maryland and Virginia had more concentrated tracts outside of the affordable tracts than inside of them.

There may be several reasons for this. The first is that the degree of concentration in the Maryland and Virginia tracts was significantly lower than those in the District. Therefore, the few affordable units in those communities can house these voucher-holders. However, it also suggests that there may be high demand for these communities by voucher-holders as well as market-rate renters. In the District market-affordable and subsidized affordable housing is largely concentrated east of Rock Creek Park. Voucher-holders are using vouchers to rent units in buildings that have place-based subsidies such as the Low-income Housing Tax Credit that are restricted for households at higher incomes.

Figure 3: Affordable Census tracts in the Washington, DC Region



Source: US Department of Housing and Urban Development: Picture of Subsidized Households, 2012; American Community Survey, 2012; GMU Center for Regional Analysis

What are the characteristics of voucher-concentrated communities?

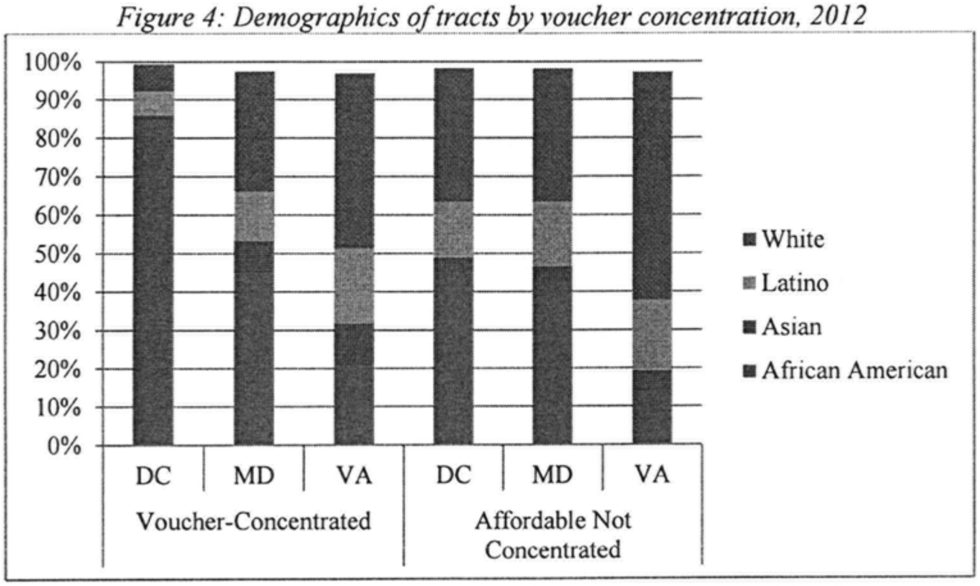
Vouchers are concentrated in neighborhoods that are higher poverty and more intensely segregated than affordable tracts. This trend is particularly evident in the District where concentrated tracts are 84.7% African American, compared to the affordable tracts (45.0%) and the city as a whole (51.1%). Figure 5 illustrates the demographic composition of the concentrated and affordable census tracts for the District, Maryland, and Virginia.

Maryland and Virginia had lower concentrations of African Americans in all tracts. In Maryland there was only a small difference in the percentage of African Americans in the tracts with voucher concentrations (45.2%), the affordable tracts (42.1%), and tracts across the county (35.6%). In Virginia, the differences were similar. African Americans represented 21.0% of the population in concentrated tracts, 13.8% in affordable tracts, and 11.9% in all tracts.

Latino populations of concentrated tracts were lower in all tracts except in Virginia where the percentage of Latinos was similar for concentrated and affordable tracts. In the District, Latinos made up just 6.4% of concentrated tracts but 14.7% of affordable tracts. Asians make up larger proportions of concentrated tracts in Maryland (8.1%) and Virginia (10.7%) than in affordable tracts. However, in the District they make up a smaller proportion of concentrated tracts (1.1%).

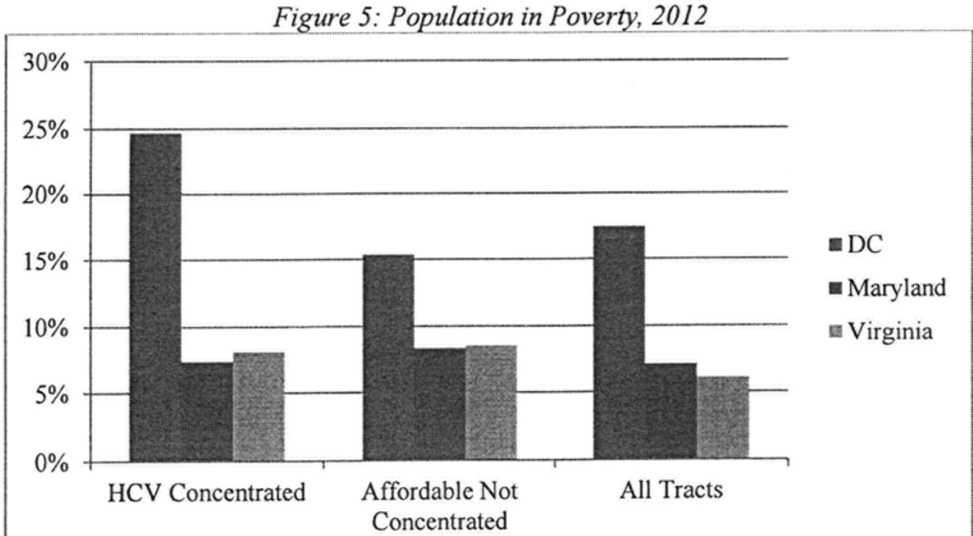
Voucher-concentrated tracts also had higher poverty rates than the tracts where voucher-holders could afford to rent but did not. Poverty across all jurisdictions in tracts with concentrations of vouchers was 11.1%, compared to 24.7% in the District, 7.4% in Maryland and 8.1% in Virginia. Although there was not significant variation between voucher tracts and affordable tracts in Maryland and Virginia, affordable tracts in the District had far fewer households in poverty (15.4%), lower than the citywide average (17.4%).

Figure 4: Demographics of tracts by voucher concentration, 2012



Source: US Department of Housing and Urban Development: Picture of Subsidized Households, 2012; American Community Survey, 2012; GMU Center for Regional Analysis

Figure 5: Population in Poverty, 2012



Source: US Department of Housing and Urban Development: Picture of Subsidized Households, 2012; American Community Survey, 2012; GMU Center for Regional Analysis

One of the anticipated differences between tracts in which vouchers could be used and where vouchers have been concentrated is the concentration of rental housing in the tract. It would be expected that affordable tracts with small amounts of rental housing would have fewer vouchers because there is not housing available to voucher-holders. In fact, concentrated tracts in all jurisdictions have lower rates of rental housing than their affordable counterparts, suggesting that there is some other reason that voucher-holders are not accessing these neighborhoods. In the District, rental units make up 58.1% of the housing in voucher-concentrated tracts and 60.4% of the units in affordable tracts with low concentrations of vouchers.

Vacancy, a signal of a weaker housing market, may be another measure of places where voucher-holders can find housing. In the District, voucher-holders are far more likely to live in neighborhoods where vacancy is higher than in Maryland or Virginia. There were only minimal differences in vacancy between concentrated and affordable tracts in Maryland and Virginia.

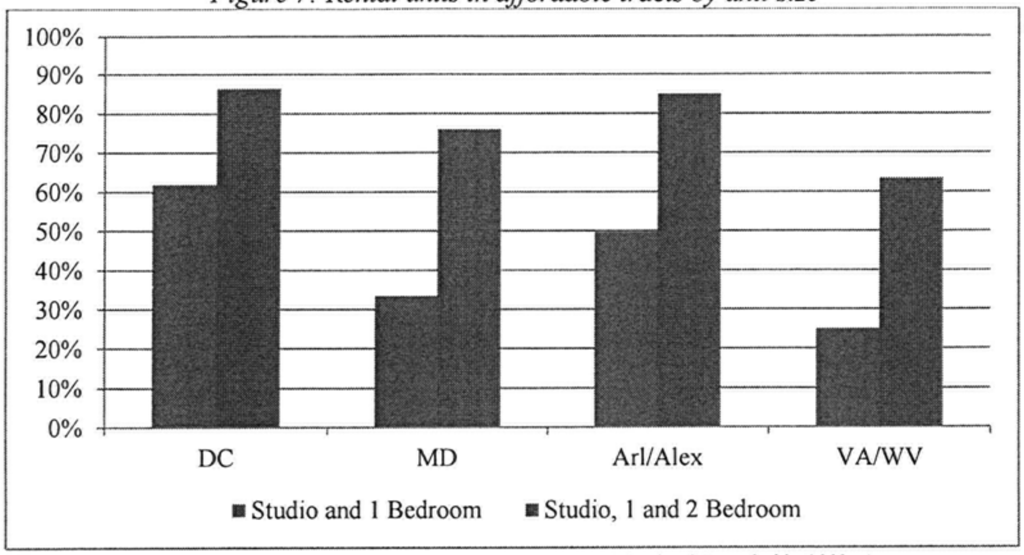
Another factor influencing the accessibility of tracts is the prevalence of small rental units. Figure 7 shows the breakdown of unit type for the region's affordable tracts. Studios and one bedroom apartments represented 62.0% of the rental market in the District's affordable tracts, followed by Arlington/Alexandria (49.7%). The high percentage of small rental units in these areas may mean that though households could use their vouchers in theory, in practice the units do not accommodate larger households, and the rents for larger units are often out of reach for low-income households.

Figure 6: Rental housing and vacancy by jurisdiction

	All Tracts	Washington, DC	Maryland	Virginia
Concentrated Tracts				
Vacancy	9.3%	16.7%	7.1%	7.5%
Rental Units	35.2%	58.1%	27.2%	31.6%
Affordable, Not Concentrated				
Vacancy	8.8%	11.2%	7.8%	8.8%
Rental Units	40.0%	60.4%	38.4%	37.3%

Source: US Department of Housing and Urban Development: Picture of Subsidized Households, 2012; American Community Survey, 2012; GMU Center for Regional Analysis

Figure 7: Rental units in affordable tracts by unit size



Source: US Department of Housing and Urban Development: Picture of Subsidized Households, 2012; American Community Survey, 2012; GMU Center for Regional Analysis

Conclusions and Implications

Housing Choice Vouchers in the Washington, DC region do not increase access to integrated, low poverty communities

Concentrated census tracts had higher rates of poverty across the region than the neighborhoods to which voucher-holders should be able to access based on the median rent In all jurisdictions, concentrated tracts had a poverty rate of 11 1%, compared to 9 1% among affordable census tracts Vouchers also were concentrated in segregated minority neighborhoods in Washington, DC and Prince George's and Montgomery counties Regionally, African Americans made up 47 0% of the population in concentrated tracts, compared to 30 0% in affordable tracts Residents from these communities also have a higher incidence of commutes longer than one hour in the region in order to access low-wage jobs

Availability of rental housing does not determine the distribution of vouchers in all jurisdictions

The availability of affordable rental housing does not determine where voucher-holders will live Across the region, the rate of rental housing is higher in affordable census tracts where voucher-holders are not living than in the highly concentrated tracts Future research should examine the reasons why this may be However, the fact that vacancy remains higher in concentrated neighborhoods suggests that vouchers are operating in weaker markets where landlords have lower demand by renters, lowering the contract market rent. In low-rent neighborhoods this increases the incentives for landlords to accept vouchers in order to both fill units and to receive fair market rents, which may be higher than what rents may be in the local market Education and outreach to tenants to help them find units outside of these communities should be a priority Another element of policy should address enforcement of fair housing laws to ensure that tenants with vouchers can use them in buildings they can afford

The size of rental units may contribute to the ability of voucher-holders to access low-poverty neighborhoods

The size of rental units may exclude voucher households from low-poverty neighborhoods On average households living in voucher-concentrated neighborhoods have approximately two people per household Given that many of these households will require two bedrooms or more, many of the existing units in the District and Arlington/Alexandria would be unsuitable for voucher-holders This challenge will continue to grow with the increased construction of studios and one bedroom units in many of the region's changing neighborhoods Although rental housing has increased in these areas, it has primarily met the demand of smaller households Similarly, although many jurisdictions (Montgomery, Fairfax, and Arlington counties and the District, for example) have Affordable Dwelling Unit programs (ADU), Inclusionary Zoning (IZ) or density bonuses to create of affordable housing, they will do little to address the needs of voucher households which require larger units to house their families

DCHA has the right to change the approved rents for any submarket at any time.

The HCVP submarket rents have been updated as a result of a new market comparable analysis. The rents currently displayed shall be applied to any request for move-in package or rent increase request submitted on or after April 1, 2015.

Search Real Property Assessment Database

Payment Standards

BRENTWOOD

Type	With All Utilities	Without Utilities
Efficiency	1095	1006
1 Bedroom	1288	1168
2 Bedrooms	1400	1260
3 Bedrooms	2000	1788
4 Bedrooms	2600	2340
5 Bedrooms	2990	2706

If you are currently in this submarket and receiving an HCVP rent higher than the maximum posted, your rent will not be decreased. However, if you ask for a rent increase, your rent will be decreased to the maximum contract rent that is stated above.If you are currently receiving a rent lower than maximum contract rent listed above, you may apply for a rent increase. However, you are not guaranteed a rent increase.

Exhibit 3