

# Disappearing Act

## Shrinking Affordable Housing Options in DC

BY ED LAZERE

The Census Bureau recently delivered some amazing news for the District of Columbia, with its report that the city's population increased by almost 10,000 last year — and reached 600,000 for the first time since the early 1990s. DC's long-term and demoralizing population slide appears to be history.

But like many good-news stories, there's a downside, too. As DC has become an increasingly popular place to live, it also has become an increasingly expensive place to live. Rising housing prices and a rash of condo conversions have caused much of DC's lower-cost rental housing to disappear, according to a new report from the DC Fiscal Policy Institute. Forty percent of DC households now face housing affordability problems. And the dramatic growth in home values, which has been reversed somewhat in the last year, has made it a lot harder to become a homeowner in DC.

The housing-cost challenges affect a wide swath of District households but are especially tough on low-wage workers and others living on fixed incomes — residents who have seen housing costs grow way past the capacity of their pocketbooks. Most low-income households now spend more than half their monthly income for rent and utilities.

In short, DC is changing. Gentrification, which we've all observed, is showing up in the data. With the private market failing to produce housing options that serve all DC residents, there needs to be a big public investment in affordable housing if the District wants to preserve its economic diversity. Through the middle of the last decade, that's exactly what happened, with funding that supported development of 10,000 new homes. (Imagine what things would be like without that!) Over the past two years, however, the recession has led to massive cuts in housing aid,

and virtually no new affordable housing is getting produced.

### Housing prices – On the Up and Up

It's not news that rents and home values have risen in DC over the past decade — but what has not been clear is just how much they've grown and what it's meant for residents.

Rent for a typical apartment grew faster in the District than in nearly every other major city since 2000 — including New York, Boston, Chicago, Atlanta and Los Angeles. And home sales prices more than doubled in less than a decade, even considering recent dips.

The impacts are clear — DC has fewer low-cost apartments and houses, and more families are paying more than they should for their homes.

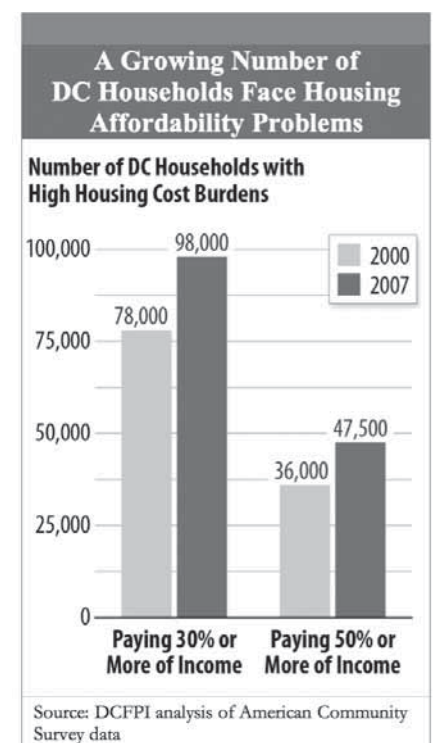
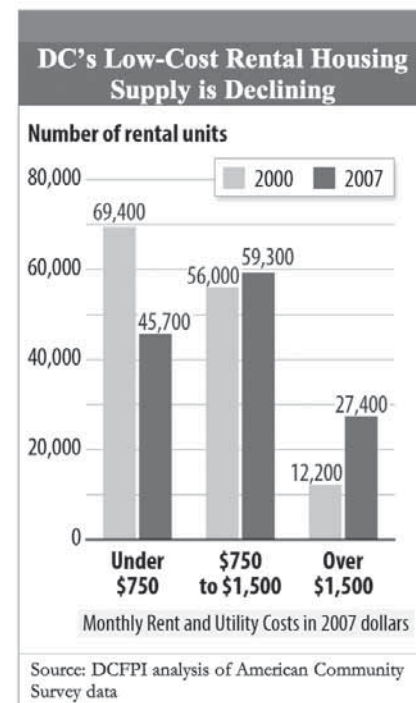
There were 69,000 DC apartments with rents under \$750 in 2000, but just 46,000 in 2007. That's like one 270-unit apartment building disappearing every month. Meanwhile, the number of apartments with rents above \$1,500 more than doubled since 2000.

There's a similar story on the homeowner side. 58,000 DC homes had a value of 250,000 or less in 2000 — half of all homes in DC. As of 2007, just 19,000 homes were at this value. That's good news for owners who have seen their equity grow, but it is bad news for those trying to buy their first home.

### A Tightening Housing Squeeze for Many DC Families

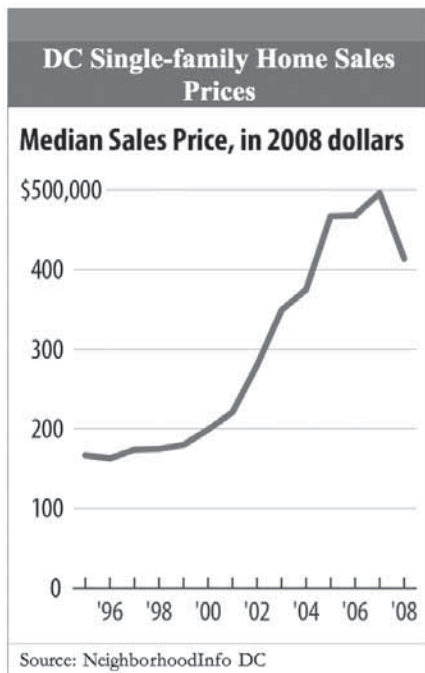
With cheaper housing becoming scarcer, a growing number of DC families are facing challenges affording their rent or finding a home to buy.

A record number of District households — 100,000, or two in five — pay more than 30 percent of income for housing, which is



more than HUD considers affordable. And 50,000 DC households pay at least half their income for housing.

The new data show that DC's housing squeeze affects a lot of us. Even one-fourth of households with incomes between \$70,000 and \$110,000 pay more than 30 percent of their income for housing. But the worst housing problems are faced by the lowest-income residents. Three of five families considered "extremely low income" pay more than half their income for housing. At



that point, families often sacrifice other necessities to pay the rent. A recent study, for example, found that children in families on a housing waiting list are more likely to go hungry than children in families in subsidized housing.

Who are these struggling households? They include the working poor, those who check out our groceries, pour our coffee, landscape our office buildings, and care for our children. They are elderly residents relying on social security. And they are the unemployed, a growing group in the recession.

### A Market That Just Doesn't Work

The costs to build and operate housing are so expensive in DC that even the best nonprofit housing providers have trouble developing housing that is affordable to very low-income families.

This means the only way to ensure that all residents have access to affordable housing is through public support. Before you start envisioning troubled

high-rise public housing, you should know that most locally supported affordable housing is privately owned and often includes a mixture of market-rate units and affordable ones. And most are built primarily with private financing, using public support to fill gaps.

DC's housing programs have worked well over the past decade. Local housing funding surged over the past decade — from almost nothing in 2000 to \$120 million in 2008 — and supported the development of more than 10,000 new apartments and houses, including homes for the homeless, support for tenants to buy their buildings, and first-time home-buyer assistance.

The problem is that this pipeline has been shut off in the last two years as the recession took a whack at DC's economy and finances. The city's Housing Trust Fund is tied to taxes paid on real estate transactions, and there haven't been many of those lately. Funding for the District's rental subsidy program has been flat. This year, the DC budget will support the development of no more than a few hundred housing units. Tenants hoping to buy their buildings are out of luck. One bright spot is the federal government, which has approved \$19 million to help homeless residents move into permanent housing.

### What Will DC Look Like in the Future? It's Up to Us

I've misplaced my crystal ball, but I don't need it to figure out that the trends we've seen since 2000 are likely to continue. More people will call DC home. More neighborhoods will go through a makeover. Housing prices will keep rising. In some ways, it's hard to complain — what's wrong with a growing population and expanding tax base?

But if we want the District to be a place where current residents can stay — and if we want the people who fill important but low-paying jobs in the city to be able to live here as well — simply letting these trends happen is not enough. Instead, we'll need to take some of the financial benefits of a growing city and use that to support a long-term commitment to preserving and developing housing options that are accessible to all residents.

*Ed Lazere is the director of the DC Fiscal Policy Institute. DCFPI's latest housing report, "Disappearing Act," is available at [www.dcfpi.org](http://www.dcfpi.org). ★*

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