

Public Land Dispositions – assuring affordable housing as a top priority

The Disposition of District Land for Affordable Housing Amendment Act of 2013, B20-594

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Over the last decade, DC has lost half of its low-cost rental units and more and more residents now pay more than 50 percent of the income on housing—a severe burden that leaves them more vulnerable to homelessness. The District has a variety of tools to create affordable housing but these resources are not sufficient to meet the need, especially for households that earn less than 50 percent of the area median income (AMI), or \$48,300 a year for a family of three. In fact, nine out of ten households with a severe housing burden earn less than 50 percent of are median income. Public land dispositions, which offer a significant source of new housing production, could be better leveraged to expand affordable housing opportunities for these households.

While the last three administrations have produced significant amounts of affordable housing through public land dispositions, the process is unpredictable as there is no set policy or law regarding affordability goals. Unlike past administrations, the current administration does not request a specific amount or levels of affordability in solicitations for development proposals. Given this uncertainty, Councilmember Kenyan McDuffie has introduced a bill with several of his colleagues to ensure that affordable housing is a top priority in public land dispositions where housing is built. Key features of the Disposition of District Land for Affordable Housing Amendment Act of 2013 (B20-594):

Applicability: The requirements would apply whenever a private residential development occurs on public land the District has disposed of.

Affordable Housing Set-Asides: Require a percentage of housing units to be permanently affordable:

- 30% for developments in areas with transit access—within ½ mile of a Metro station or ¼ mile of a major bus route or streetcar line.
- 20% for developments in all other areas.

Affordability: Households will pay no more than 30% of their gross income on housing, including rent or mortgage payments, utilities, and condo fees.

Income Targets:

- *For rental units:* one-fourth will be affordable to very low-income households (incomes up to 30% AMI, or \$29,000 for a family of three) and three-fourths will be affordable to low-income households (incomes between 30-50% AMI, or between \$29,000 and \$48,300 for a family of three)
- *For ownership units:* half will be affordable to low-income households and half will be affordable to moderate-income households (incomes between 50-80% AMI or between \$48,300 and \$78,200 for a family of three).

Subsidy: Subsidize affordable units by disposing of public land for *less than its appraised* value. The Mayor may waive the affordable housing requirements if the District’s Chief Financial Officer certifies that the land subsidy is insufficient, taking into account all available sources of public support, and that the development realizes affordable housing to maximum extent.

Benefits: Requiring affordable housing on public land will allow the District to use an off-budget asset— public land—to maximize affordable housing production. Such a tool is particularly important given the District’s limited ability to incur debt. It will also help preserve mixed-income, inclusive neighborhoods.