



COALITION FOR SMARTER GROWTH

Testimony before the Hon. Kwame Brown
Chairman, Committee of the Whole

DMPED Agency Performance Oversight Hearing

Regarding Leveraging the Value of D.C.'s Public Land Dispositions to
Build Housing Affordable to D.C.'s Low- and Moderate-Income residents

by Cheryl Cort, Policy Director
February 23, 2012

Please accept these comments on behalf of the Coalition for Smarter Growth. My organization works to ensure that transportation and development decisions in the Washington D.C. region accommodate growth while revitalizing communities, providing more housing and travel choices, and conserving our natural and historic areas.

The Gray administration's focus on getting D.C. residents back to work is rightly the number one priority for the District – and it's critical to helping communities and families across the District succeed. Going hand in hand with the success of increasing employment is ensuring that the workers D.C. invests in can also find a place to call home here in the District. Without affordable housing opportunities, newly trained workers may leave the city for cheaper housing, but longer commutes, taking away opportunity to grow D.C.'s tax base and strengthen our communities. To realize the full benefit of our investment in D.C. residents' successful transition from unemployment to full time work requires keeping the District's commitment to building and preserving affordable housing. For DMPED, this means ensuring that a sufficient amount of affordable housing is part of every residential Land Disposition and Development Agreement.

With a growing affordable housing crisis, DMPED should seek every opportunity to use its resources to create more affordable housing. In addition to maintaining and increasing investment in the District's current range of affordable housing tools, the District should better leverage the value of publicly-owned land. Using the land value can help pay all or a large share of the cost of providing affordable housing for households facing the greatest housing challenges. Utilizing public lands for affordable housing across the city can offer housing choices in neighborhoods that have little affordable housing or a rapidly diminishing stock. Over the last decade, DMPED or its predecessor agencies committed to between 20 and 30 percent of very affordable housing in public land deals, but the future commitment to affordable housing is unclear.

One current case is the West End library and fire station deal. We urge the Council to work with DMPED to agree on a financing strategy to fund the promised 52 units of affordable housing above a rebuilt West End fire station. At this juncture, it looks as though this public land deal

will contain no affordable housing. The new market-rate housing above the rebuilt West End library will generate millions of dollars of new tax revenue that could be used to fund the affordable housing project. While this affordable housing is expensive to build, it would be some of the only affordable housing to remain in this desirable location. Since the financing would be based on generated tax revenues from the library's market-rate housing that would not exist without this private-public partnership, it does not take away from existing District funds. Neglecting to follow through on this affordable housing project is a setback to the Mayor's "One City" goal of uniting disparate racial and economic groups. What better way of bringing people together than by offering affordable housing in the affluent West End at the edge of downtown and Georgetown?

Following the precedent of the last decade, and the Anacostia Waterfront Corporation standards, we suggest that DMPED adopt a policy to require that 30 percent of total units be affordable as part of every residential Land Disposition and Development Agreement. With rental units, we suggest that the affordable set-aside be split between households earning 30 percent of area median income (AMI) and 60 percent of AMI. For homeownership projects, we suggest that half of the units would be set-aside at 60 percent of AMI and half at 80 percent of AMI. We suggest that DMPED work with nonprofit housing providers to operate the very low-income units. Preference should be given to proposals that offer more affordable housing at deeper affordability levels, and to partners who are experienced affordable housing providers and special needs housing providers.

We ask that DMPED explicitly embrace the goal of retaining D.C. residents and workers through affordable housing development as a part of its redevelopment activities. Since the collapse of NCRC and AWC into DMPED, greater clarity is needed about the process or goals of public land deals. DMPED, like other economic development agencies, focuses on business development, employment growth, and neighborhood revitalization. Neighborhood revitalization in affluent or emerging neighborhoods should take a different form from traditional blight reduction. Where real estate values and housing prices are rising rapidly – around Parcel 42 in the Shaw neighborhood, for example – retention of affordability should be a major goal. Another example is the recent Office of Planning Streetcar Land Use study which pointed out the need to preserve housing affordability along streetcar routes, and identified public lands as a key part of a strategy.

While affordable housing a key responsibility of Department of Housing and Community Development, it should also be an important part of DMPED's land development activities. The mission of this office should include lessening the growing inequities in our city and neighborhoods, as it occurs in housing affordability, along with employment and business opportunity and redevelopment of underutilized land.

Thank you for your consideration.