

What is affordable housing and what does it mean in DC – and Ward 3?

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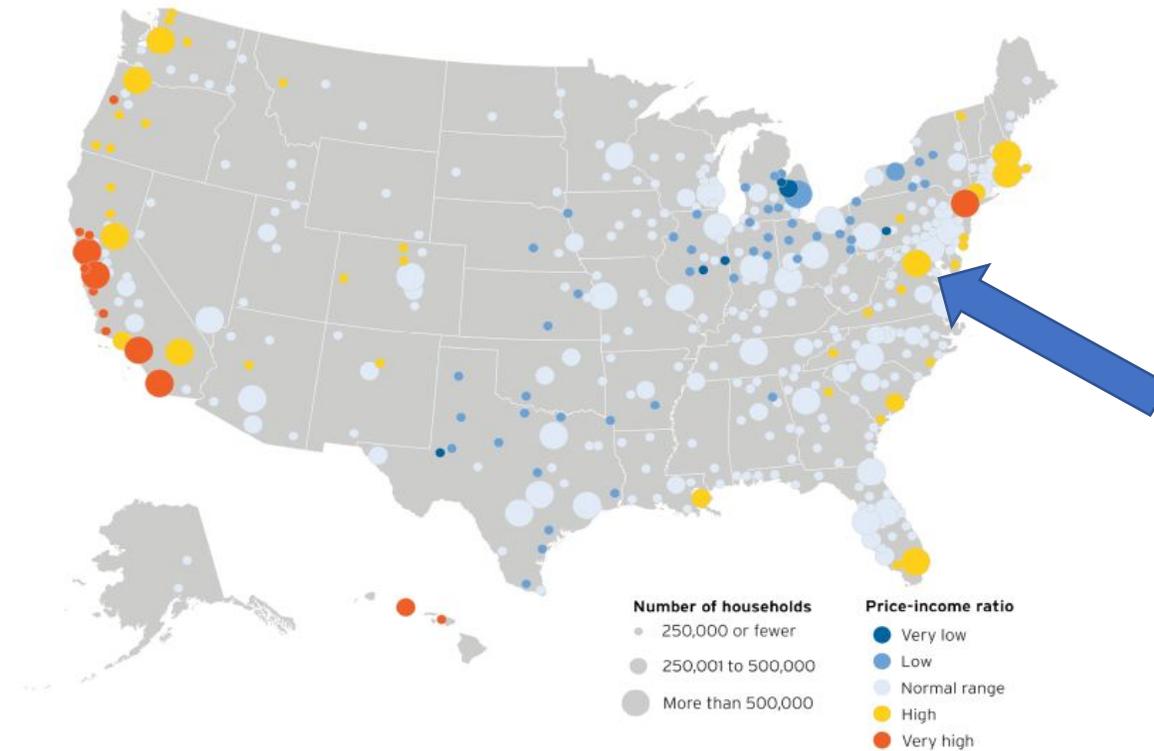
Board chair and contributor, Greater Greater Washington

4/27/2020

FIGURE 5

Hard to become a homeowner vs. hard to build housing wealth

Average price-income ratio by metro area, 2012-16



Note: Metro-level price-income ratios are averages across constituent tracts. Price-income categories are assigned based on the national distribution, as follows: very low (bottom 10%), low (11-25%), normal range (26-75%), high (76-89%), and very high (top 10%).
Source: Brookings analysis of 2012-16 American Community Survey data

B Metropolitan Policy Program
at BROOKINGS

<https://www.brookings.edu/research/housing-in-the-u-s-is-too-expensive-too-cheap-and-just-right-it-depends-on-where-you-live/>

DC has three housing markets

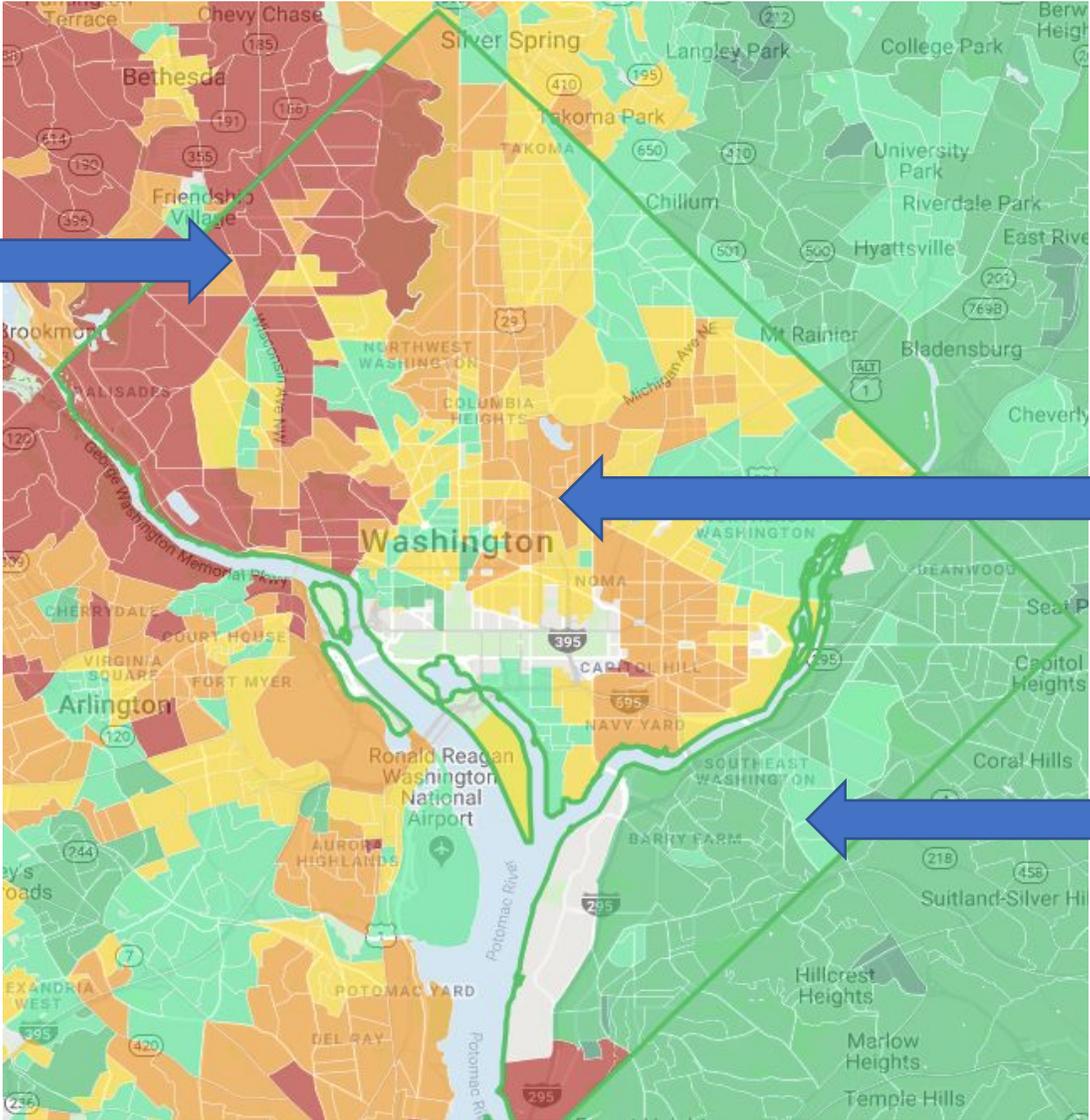
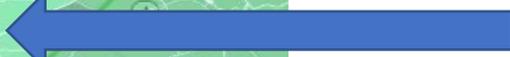
Wealthy segregated neighborhoods
(West of Rock Creek)



Gentrifying Areas
(U St, H St, Petworth, etc)



Distressed under-invested neighborhoods
(East of the River)



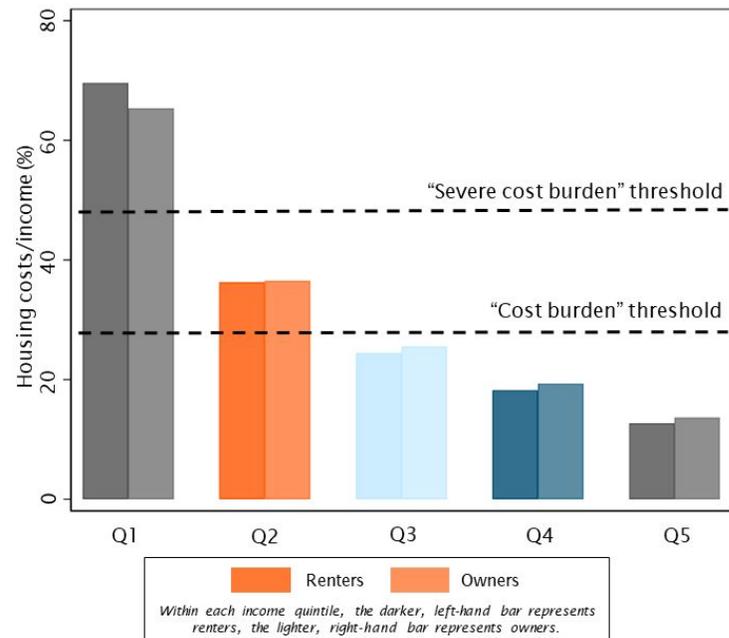
Source: Trulia.com

Is Ward 3 “too” expensive if plenty of people live here?

FIGURE 1

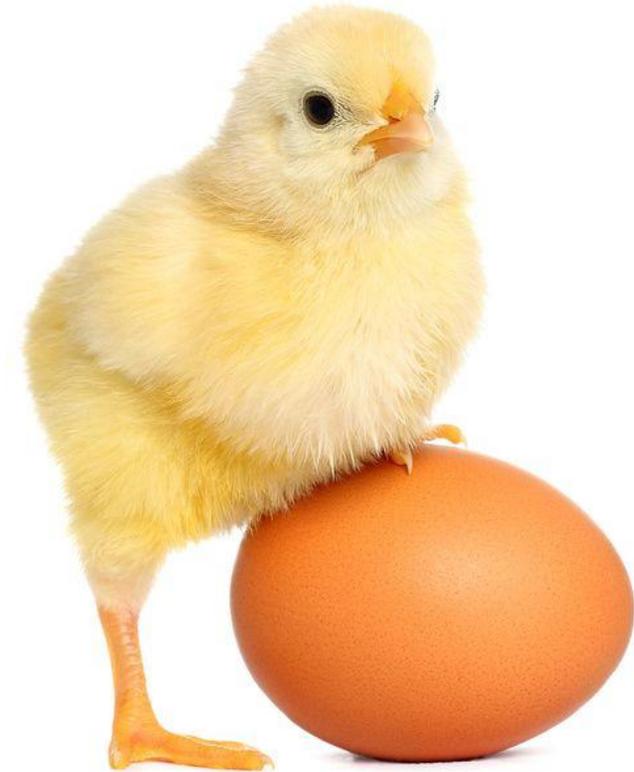
Housing costs consume larger income share for poor and lower-middle income households

Housing costs as a share of income, by income quintile



Note: Includes all households in metro areas with at least one adult 18-65 in the labor force. Income quintiles defined within metro areas. Source: 2012-2016 American Community Survey.

B Future of the Middle Class Initiative



What do people do when housing gets too expensive?

- Consume less housing (i.e. get a studio instead of a 2-bedroom)
- Share housing
- Consume lower quality housing
- Go live somewhere further away
- Give up on housing (live in a car or on the street)

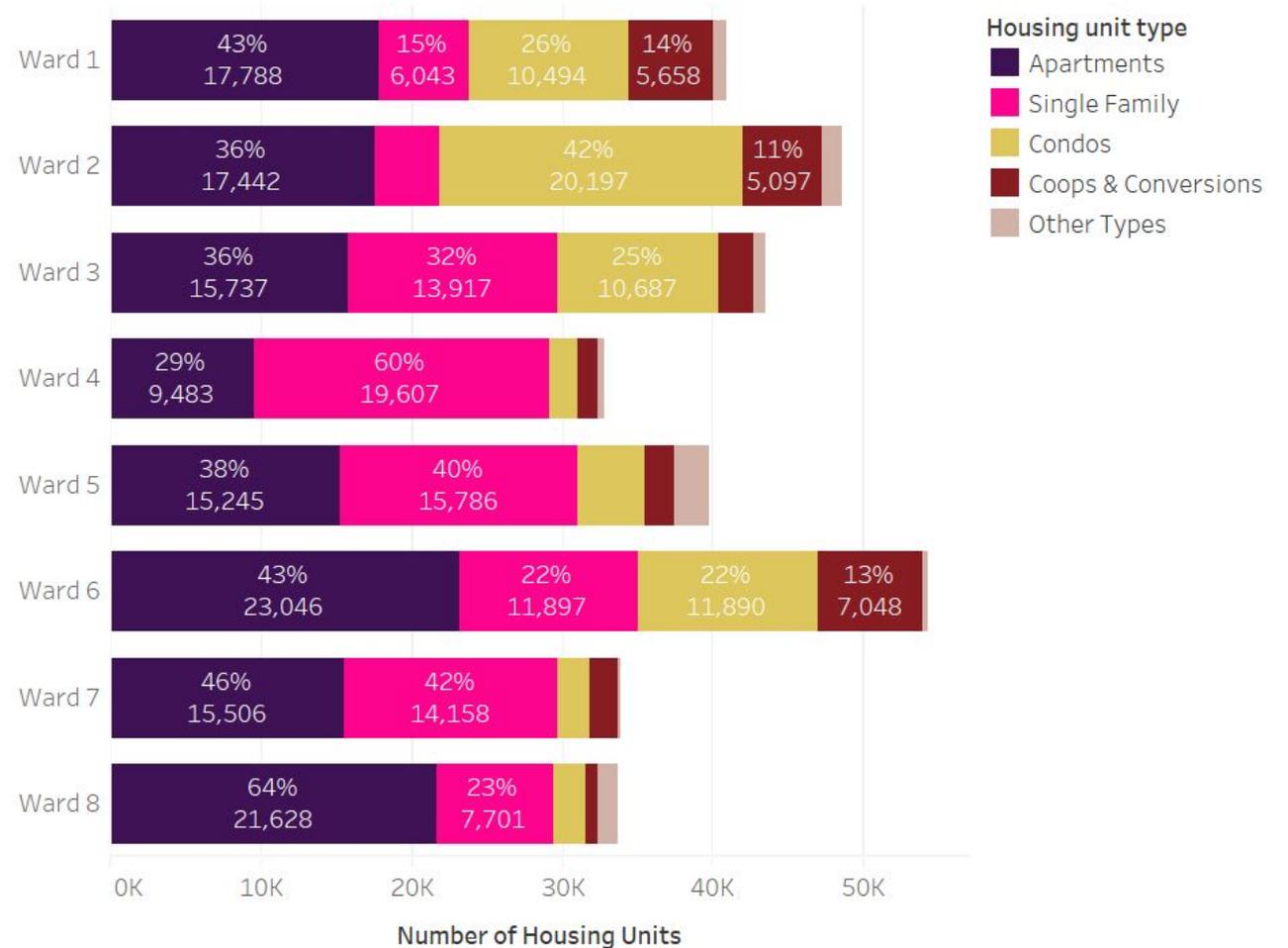
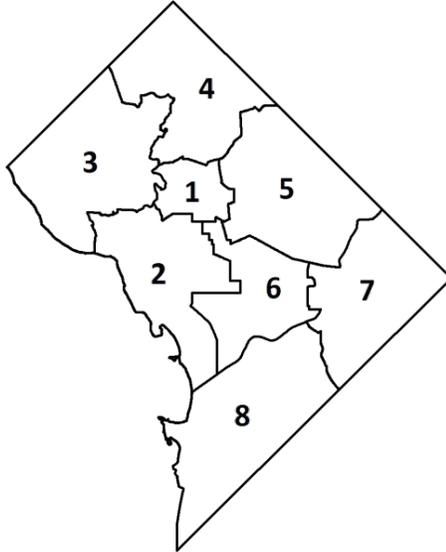
Three takeaways

- Consume less housing (i.e. get a studio instead of a 2-bedroom)
 - Share housing
 - Consume lower quality housing
 - Go live somewhere further away
 - Give up on housing (live in a car or on the street)
1. Ideally, no one should be using the last strategy
 2. That means making the other strategies as viable as possible
 3. Ward 3 has a role to play in all of these strategies

So how is Ward 3 doing on these?

- Consume less housing (i.e. get a studio instead of a 2-bedroom)
- Share housing
- Consume lower quality housing
- Go live somewhere further away
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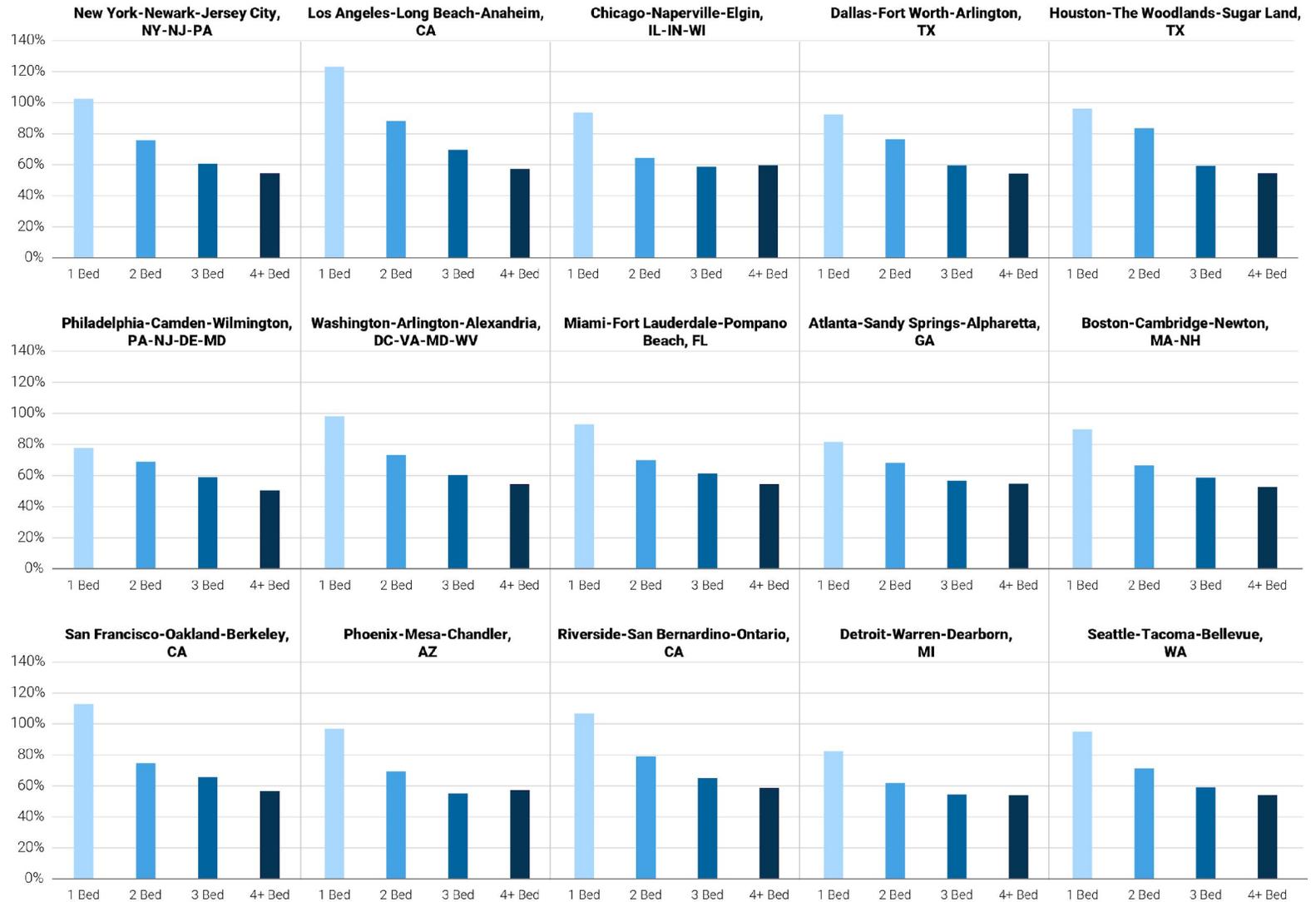
Consume less housing



Share

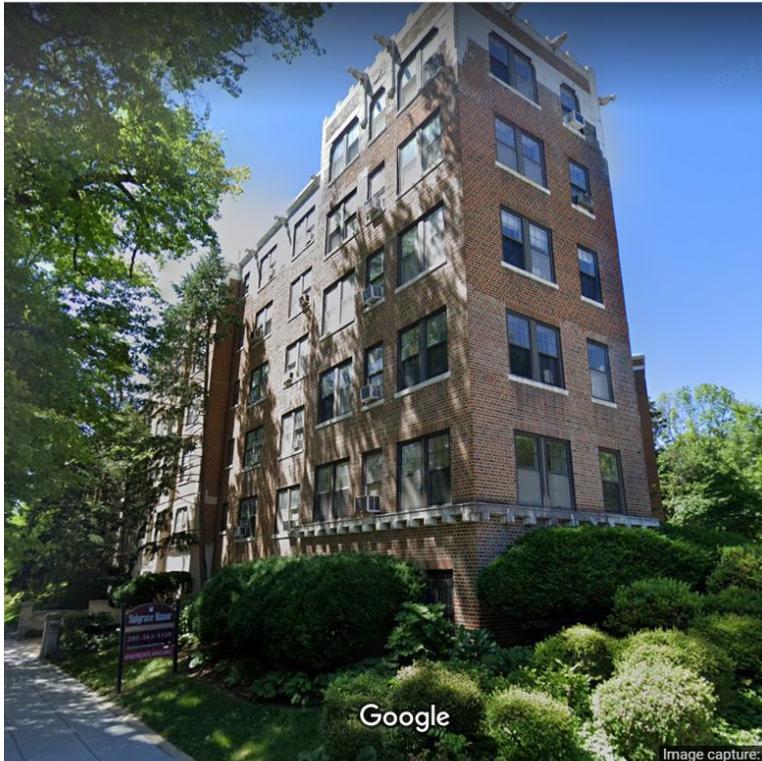
Figure 3. Percentage capacity filled by number of bedrooms

Top 15 metropolitan areas, 2017

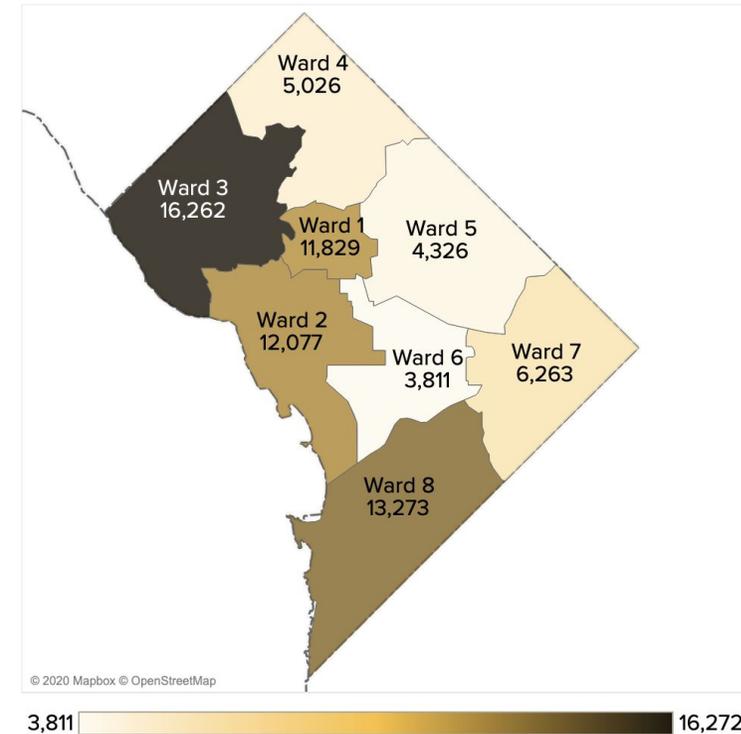


Source: Brookings analysis of 2017 American Housing Survey data.

Consume lower-quality housing



Currently under rent control: **72,878**

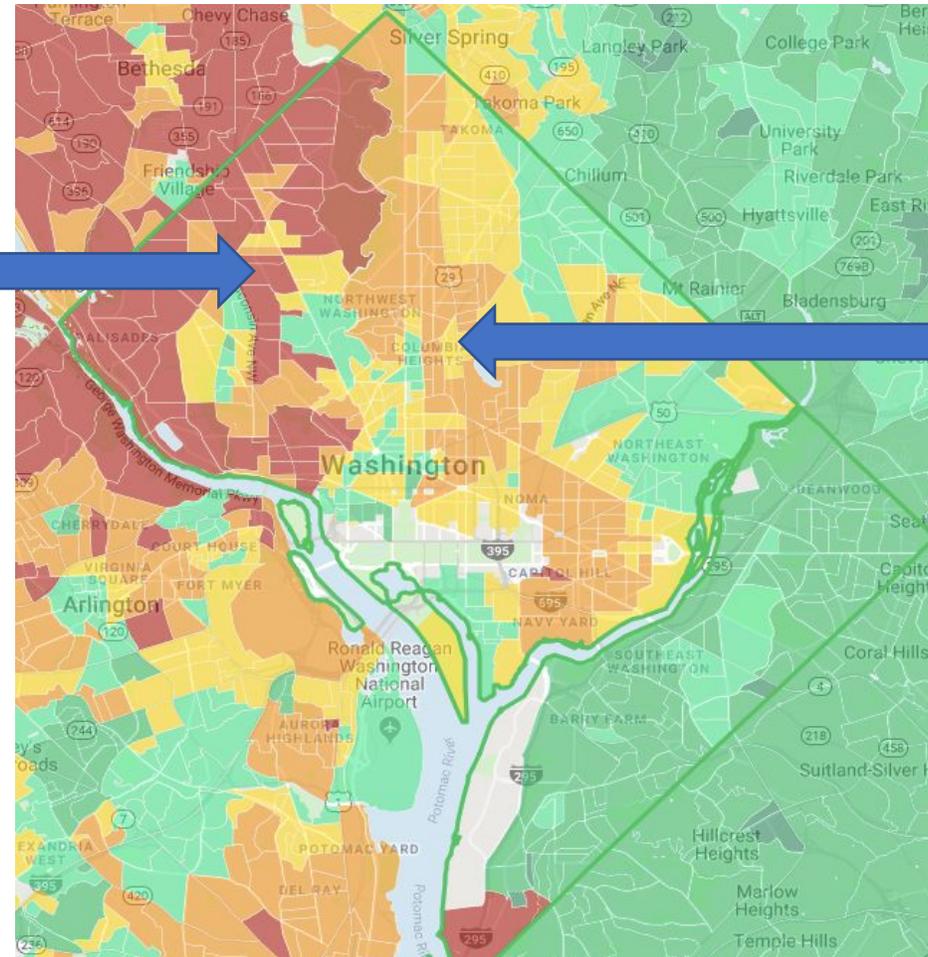


Source: Housing database compiled by the D.C. Policy Center.

<https://www.dcpolicycenter.org/wp-content/uploads/2020/11/DC-Policy-Center-Policy-Brief-Reclaim-Rent-Control-November-9.docx.pdf>

Go away

**Wealthy
segregated
neighborhoods
(West of Rock
Creek)**

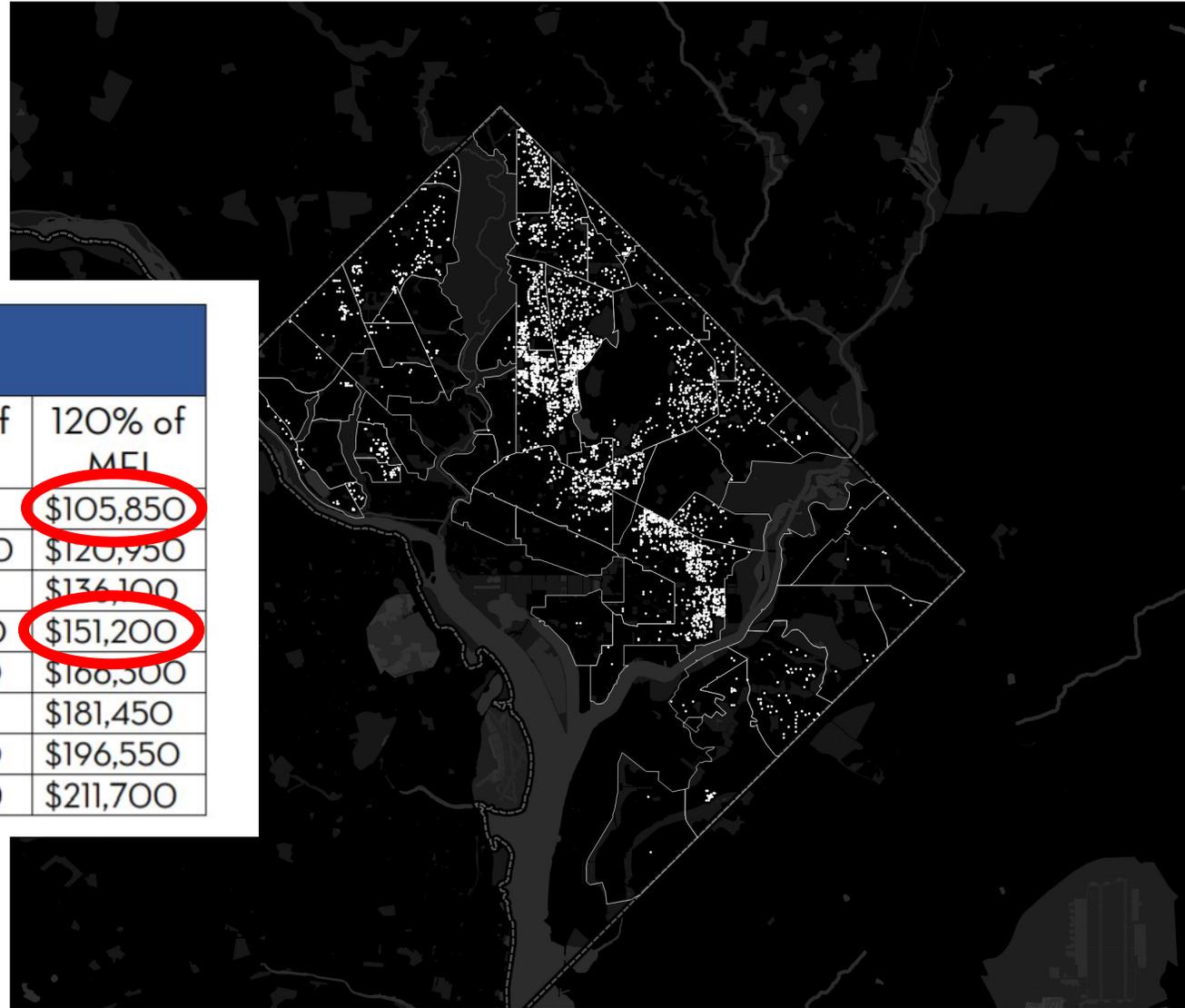


**Gentrifying Areas
(U St, H St,
Petworth, etc)**

Median Listing Price
< \$75K  \$1.5M+

Source: Trulia.com

Middle Income Housing Units with Less Competition from Smaller Households



Household Size	Maximum Annual Income					
	30% of MFI	50% of MFI	60% of MFI	80% of MFI	100% of MFI	120% of MFI
1	\$26,450	\$44,100	\$52,900	\$70,550	\$88,200	\$105,850
2	\$30,250	\$50,400	\$60,500	\$80,650	\$100,800	\$120,950
3	\$34,000	\$56,700	\$68,050	\$90,700	\$113,400	\$136,100
4	\$37,800	\$63,000	\$75,600	\$100,800	\$126,000	\$151,200
5	\$41,600	\$69,300	\$83,150	\$110,900	\$138,600	\$166,500
6	\$45,350	\$75,600	\$90,700	\$120,950	\$151,200	\$181,450
7	\$49,150	\$81,900	\$98,300	\$131,050	\$163,800	\$196,550
8	\$52,900	\$88,200	\$105,850	\$141,100	\$176,400	\$211,700

Source: Housing dataset compiled by the D.C. Policy Center. The map shows units affordable at 80 percent to 120 percent of AMI for a family of four and affordable for singles who make 140 percent of AMI or more, provided that these units can hold 4 or more persons.



<https://www.dcpolicycenter.org/publications/taking-stock/>

<https://dhcd.dc.gov/publication/2020-inclusionary-zoning-maximum-income-rent-and-purchase-price-schedule>

Three takeaways

1. Segregated housing produces other segregated outcomes – a segregated society
2. Housing costs are rising everywhere in our region, and the pandemic has accelerated that for homeowners – like gasoline on a fire
3. Housing affordability means different things to different people – and all of these perspectives, literally, merit accommodation

Three MORE takeaways

1. When an area is growing, it helps to build more housing of all kinds
2. We have finite sources to help people who can't afford housing; it's helpful to have the market house as many people as possible
3. There are lots of policy tools to help those for whom housing is least attainable – but none of them are easy