

MEMO

RE: Revise 80% MFI references to emphasize income targeting for 60-30% MFI & below in Comp Plan bill (24-1)
TO: DC Councilmembers
FROM: Cheryl Cort, Coalition for Smarter Growth, cheryl@smartergrowth.net,
DATE: May 1, 2021

We propose the following amendments to strengthen the focus of housing policies to serve those with the greatest need, and better reflect the recommendations of the 2013 [Comprehensive Strategy Task Force](#), which stated: “We recommend that the lion’s share of the new funds finance housing for those earning 60% of the Area Median Income (AMI) and below.” Given this guidance, we recommend the Comp Plan emphasize serving families earning on average 60% MFI and below, rather than 80% MFI, as is the common reference throughout the document.

Strikingly, DC Black median household income is well below 50% MFI, and 80% MFI is almost twice the Black median household income. Black median household income is [\\$43,564 compared to \\$132,040](#) for White households. 50% MFI is higher than the median Black household income, where [50% MFI is \\$50,400](#) for a 2-person household (DC’s household size is [2.3](#)). 80% MFI (or \$80,650 for a 2-person household) is nearly twice the median Black household income.

As further justification, we note the Coalition for Smarter Growth’s 2019 workforce housing [report](#) which demonstrated that a large share of DC’s workforce earns 50% MFI or less. Households at these income levels are commonly [severely housing cost burdened](#), meaning they pay half or more of their income in housing costs. Few households earning 80% MFI or more experience severe housing cost burden. The Comp Plan often uses the shorthand that housing assistance should go to those at or below 80% MFI. We recommend considering those earning 80% MFI as the exception for targeting housing assistance, rather than the rule. We recommend the following changes to address this.

Housing Element [Committee Print](#) (4/20/2021)

Proposed amendments for new section at end of 500.5c (proposed changes in red)

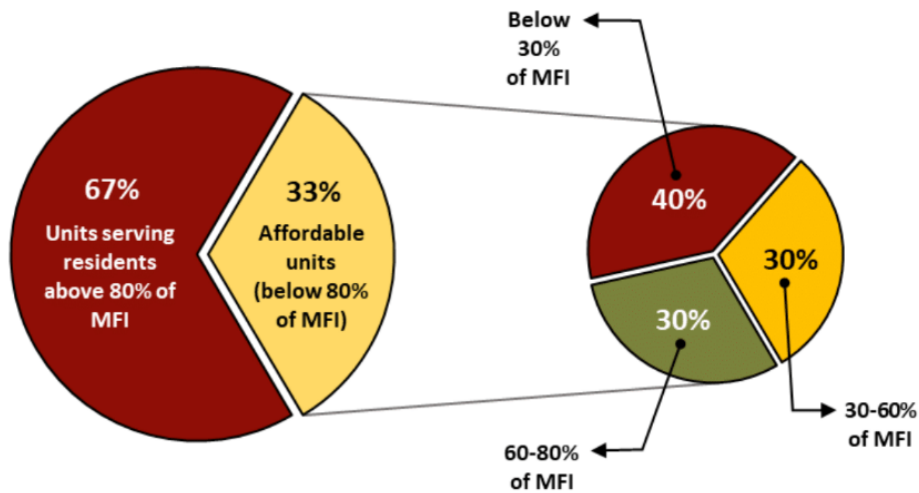
Throughout this element, references to affordable housing mean housing available to households earning 80 percent of the MFI or less, using 30 percent of the household’s income. **While 80 percent MFI is often cited as the top income group, Section 504.19 shows that most targeted distribution of affordable units are to be at 30 percent MFI,**

and 30-60 percent MFI. It is important to note that use of a regional MFI skews District information, given its comparatively higher housing costs and larger number of lower income households compared to the region. Further, the regional MFI does not disaggregate and consider information by race, an important consideration given the income gap for communities of color in the District, with the MFI for Black households in the District less than the MFI for White households. The Black median household income of \$43,564 compared to \$132,040 for White households, or less than one third of White household earnings (2014-2018 ACS 5 yr estimate). 500.5c

Policy H-1.2.11 Inclusive Mixed-Income Neighborhoods

Support mixed-income housing by encouraging affordable housing, focused on units affordable at 60 percent MFI and below, in high cost areas and market rate housing in low-income areas. Identify and implement measures that build in long-term affordability, preferably permanent or for the life of the project, to minimize displacement and achieve a balance of housing opportunities across the District. 504.18

504.169



504.20

The 2006 Comprehensive Housing Strategy recommended that one-third of the units produced in the city District in the next 15 years be targeted to persons earning 80% percent of the AMI-MFI or below. Figure 5.8 The lower pie chart shows the proposed allocation of these units to low-, very low-, and extremely low-income groups. 504.20

504.20 amendments - maybe leave as is, or amend to say:

The 2006 Comprehensive Housing Strategy recommended that one-third of units produced in the District in the next 15 years be targeted to persons earning 80 percent of the MFI or below, of which 60 percent of these units should serve persons earning 30 percent to 60 percent of MFI or less. Figure 5.8 shows the proposed allocation of these units to low-, very low- and extremely low-income groups. The 2013 Comprehensive Strategy Task Force stated: “We recommend that the lion’s share of the new funds finance housing for those earning 60% of the Area Median Income (AMI) and below.”

Amendments for 504.8, Policy H-1.2.2: Production Targets

Consistent with the Comprehensive Housing Strategy, work toward a goal that one-third of the new housing built in Washington, DC from 2018 to 2030, or approximately 20,000 units, should be affordable to persons earning 80 percent or less of the area-wide MFI. Newly produced affordable units shall be targeted towards low-income households in proportions roughly equivalent to the proportions shown in Figure 5.8. Specifically, 40 percent of units should be for 30 percent of MFI households, and 30 percent of units for 30-60 percent MFI. Given the new approach of income averaging allowed in Low Income Tax Credit regulations, income averaging can be used as a way to more flexibly reach lower income households with limited resources 504.8

Amendments for Policy H-1.2.3: Affordable and Mixed-Income Housing

Focus investment strategies and affordable housing programs to distribute mixed income housing more equitably across the entire District by developing goals and tools for affordable housing and establishing a minimum percent affordable by Planning Area to create housing options in high-cost areas, avoid further concentrations of affordable housing, and meet fair housing requirements. Income targeting should focus on households earning an average of 60 percent of MFI and below. 504.9

Amendments to Policy H-1.2.9 Advancing Diversity and Equity of Planning Areas

Proactively plan and facilitate affordable housing opportunities and make targeted investments that increase demographic diversity and equity across Washington, DC. Achieve a minimum of 15 percent affordable units within each Planning Area by 2050. Provide protected classes (see H-3.2 Housing Access) with a fair opportunity to live in a choice of homes and neighborhoods, including their current homes and neighborhoods. Income targeting for these units should focus on averaging 60 percent of MFI and below. 504.16

Amendments for 501 Housing Goal 501

501.1 The overarching goal for housing is to provide a safe, decent, healthy, and affordable housing supply for current and future residents in all of Washington, DC's neighborhoods by maintaining and developing housing for all incomes and household types. The overall goal for the District of Columbia is that a minimum of one third of all housing produced should be affordable to lower-income households. The short-term goal is to produce 36,000 residential units, 12,000 of which are affordable, between 2019 and 2025. **Income targeting for the affordable units should be for an average of 60% MFI and below, with a focus on maximizing 30% MFI units.** 501.1

502.2 Washington, DC must sustain a high rate of housing production to meet current and projected needs through 2025 and remain economically vibrant. Over the next 15 years, through 2035, the District's housing stock is forecast to increase from a base of about 310,000^{xv} units in 2015 to 397,000 units in 2035. Between 2015 and 2020, 23,000 additional units are expected to be built, based on projects that are now under construction, soon to break ground, or by conversion to smaller units. Mayor's Order 2019-036 initiated the goal to accelerate the rate of housing production between 2019 and 2025 to achieve 36,000 new units, 12,000 of which are affordable, which will be needed by 2025 to improve affordability and the long-term balance between demand and supply. **Affordability for the 12,000 units should average 60% MFI and below, with a focus on maximizing 30% MFI units.**