

District of Columbia Comprehensive Housing Strategy

Task Force Meeting – September 22, 2004

Meeting Summary

Welcome

Special Assistant Lisa Hodges of the Deputy Mayor's Office for Planning and Economic Development welcomed Task Force Members. She introduced the Task Force Co-Chairs, Adrian Washington and Alice Rivlin, and indicated that Ms. Rivlin would join the meeting in progress.

Update and Process

Progress To Date: Ms. Hodges briefly reviewed the progress to date of the Comprehensive Housing Strategy (CHS) Task Force. In June the Task Force held its first meeting in which it reviewed CHS legislative requirements, discussed its objectives and responsibilities, reviewed the CHS scope, and discussed the timeline and process for developing the CHS. At the end of June, a public meeting was held at Savoy Elementary School in Southeast. The public meeting was an opportunity to solicit public comment on top housing priorities and how the City could address those priorities.¹ In August, the Co-Chairs, Alice Rivlin and Adrian Washington, were selected to lead the Task Force.

Schedule: The CHS schedule was presented and it included the remaining five Task Force meetings, a public meeting and a City Council public hearing. The schedule concludes in April 2005 with a draft CHS by May 2005.

Meeting Objectives: The objectives for the meeting focused on gaining a common understanding of housing supply and demand in the City, discussing goals to guide development of the CHS, and determining committee structures and objectives.

Presentation on Housing Supply and Demand

Margery Turner of the Urban Institute gave a presentation on the City's housing supply and demand. She noted that the material and data presented are from her work on the upcoming Housing in the Nation's Capital Report 2004 produced by the Fannie Mae Foundation.

¹ A summary of comments from the June Public Meeting was included in meeting materials received by Task Force members.

Robust Economic Conditions with Increasing Poverty Rates/Poverty Concentration in the District: The metropolitan region has a robust economy with the lowest unemployment rate among the largest US metropolitan areas. The District

Increasing Prices and Rents with the City Leading the Region: The region continues to have surging home prices with the District leading the region in annual increases. Between 2002 and 2003 the average home price in the District increased by 10% to \$382,000. Moreover, prices have been increasing across the District so such an extent that every neighborhood cluster has median sales price of over \$100,000. Although rents are increasing at a slower pace than in the 1990's, they continue to increase and the City still has higher rents on average for the region. Also, there has been a decrease in vacant and abandoned properties, which is another indicator of a robust housing market. Data on vacancy rate trends is unclear. While Census estimates show a decline in the vacancy rate, data from the New American Communities Survey indicate no change in the vacancy rate.

Evidence of Increasing Hardship and Homelessness in City Since 2000: The District has a disproportionate share of the lowest-income households in the region, though the incidence of housing hardship for low-income residents is slightly lower than neighboring jurisdictions. In the District, most low-income households have unaffordable housing costs (i.e., pay more than 30% of gross monthly income for housing). From 2002-2004, homelessness has increased by 10% and, from 2000-2003, housing hardship has worsened (increasing from 40% to 46%). While many residents express concerns about displacement due to surging property values and rents, good data are not available to assess displacement with any specificity.

Several Task Force members requested clarifications on different aspects of the data. Ms. Turner elaborated that the data do not include homeless but do include college students and the elderly. She also noted that the data are based on area median income (AMI), not the City's median income, which is substantially lower. Several members raised concerns that using AMI greatly underestimates the housing needs of City residents given that the City median is significantly lower (i.e., 80% of AMI is equivalent to 124% of the City's median income).

Key Issues for Meeting City's Future Housing Needs: Ms. Turner identified several key issues for the Task Force to address. First, the City must forecast population growth and then make housing policy and production responsive to that forecast. Another issue is an assessment of the City's capacity to absorb additional housing units. This should include an analysis of available land, vacant properties and abandoned properties. Such an analysis would help to answer questions of how much housing could be developed in what areas. A third set of issues focuses on barriers to market rate development including regulatory matters, financing and others. Creating "neighborhoods of choice" – neighborhoods that residents of varying incomes can and will affirmatively select to live in – is also a key issue for the District. In order to spread the economic gains, the City will need to divert some of the housing demand to neighborhoods with weaker housing markets while also preserving affordable housing in neighborhoods with strong housing markets. Finally, issues of hardship and displacement need to be addressed. This is a significant challenge given the subsidies required to offset these effects.

Focusing the Task Force's Work: At the conclusion of the presentation, Task Force members embarked on a discussion of where they should focus their efforts. The 100,000 new resident goal was raised, with some expressing skepticism that the City's production numbers would be sufficient to meet the goal.² Ms. Turner noted that, first, this requires critically examining population data to determine if the City is on the path to achieve that kind of population growth.

² Regional housing production is estimated to be approximately 38,000-39,000 units annually.

An important issue for several members was the apparent tension between serving lower-income residents, who require services and can be viewed as absorbing tax revenue, and higher-income residents, who are viewed as generating tax revenue. Some members felt that by focusing on issues of hardship and displacement first, the City could begin to create more neighborhoods of choice in the City's weaker housing markets. This would enable those neighborhoods to attract new residents and a greater mix of incomes. Other members commented that the City must still attract new residents in order to expand the tax base and have sufficient tax revenue to address other priorities (i.e., schools). Co-chair Rivlin stated that the 100,000 residents goal is not limited to only attracting new residents, but also includes helping current residents become taxpayers.

In terms of competitive advantages the City should use to attract residents, Ms. Turner cited the District's advantages in transportation and social/cultural environment. However, public schools are a strong disadvantage. Based on this, there may be an opportunity for the City to attract a larger share of older, childless households.

Additional Information Requests: There were requests for additional information including an analysis of where housing subsidies are currently used (i.e., unit type, geographic location, income level), and a presentation on the City's budget for the general fund. Ms. Hodges stated that she would prepare information on subsidy use for the next Task Force meeting.

Task Force Goals

Ms. Hodges presented the Task Force goals,³ which were derived from the legislation, the first Task Force meeting and the public meeting. Several suggestions were made to clarify and/or expand the goals. Suggestions were made to revise the goals to reflect the Task Force's focus on creating neighborhoods of choice (both preserving affordable housing in attractive neighborhoods as well as attracting new residents to weaker neighborhoods); ensuring both housing supply and demand issues are addressed; and including language regarding "access" to housing programs and information, which is currently a barrier to some immigrant groups.

It was also noted that the goals have a strong overlap with the missions of the City's housing agencies, and that perhaps it would be more useful to focus goals on what housing efforts are not being implemented effectively rather than have such broad goals. Given members' suggestions for revising the goals, Co-chair Washington agreed to work with a few others to revise the goals and circulate to members.

During the discussion of goals, members suggested the Task Force focus on the City's competitive strengths to attract residents and attempt to better market those strengths. This would enable the City to achieve substantial short-term gains and better position the City to achieve longer-term objectives.

³ A complete list of goals was included in meeting materials received by Task Force members.

Task Force Committees

Ms. Hodges introduced the four proposed committees: Barriers and Opportunities for Non-Subsidized Housing Production, Barriers and Opportunities for Subsidized Housing Production, Special Needs Housing Production, and Density. After a brief overview of the committees and their charges, Task Force members responded to the proposed committees.

Many Task Force members raised concerns with the proposed committees, in particular their functionality and purview. Members believed the division between subsidized and non-subsidized housing was not useful because it replayed old divisions, did not account for mixed-income developments and neighborhoods, and did not combine expertise from the public and private sectors. There was concern that the density committee would not be received well in the City and did not adequately describe the issue. Members were concerned about how different housing product types would be taken into account and how the role of non-profit organizations would be addressed.

Task Force members proposed four new committees: Housing Production, to include subsidy and non-subsidy production, Neighborhoods, to address the scope of what was the Density committee, Special Needs Housing Production, and a committee to address the issue of how the District should compete in the region, maximizing assets. After some discussion, a straw poll was taken to determine member consensus. Most members agreed, in theory, with the identified committees but felt uncomfortable committing to the modified committees without further discussion regarding scope and possible overlap. Co-Chair Washington suggested the Co-Chairs convene a meeting with all members who were available to flesh out of the scope of the proposed committees for approval by the Task Force via email confirmation. Task Force members agreed and the meeting was adjourned.