



## DC IS NOT MAKING PROGRESS ON AFFORDABLE HOUSING FOR THOSE WHO NEED IT THE MOST

More DC renters are paying more than half their income for rent and utilities than a decade ago, despite substantial affordable housing investments. Over 44,000 renter households — about one in four renters — had housing costs this high in 2022, up from 36,000 in 2010.<sup>i</sup> Nearly all of the households that spend the majority of their income on housing (known as “severe housing cost burdens”) have incomes below \$50,000. This shows that DC’s efforts to expand affordable housing have not been enough to offset rising housing costs in the private market, and that DC’s

housing programs are not focused enough on reaching those with the lowest incomes.

**The District must do more to create affordable housing targeted at residents struggling the most amidst DC’s extremely high housing costs.** As discussed below, the primary tool for making housing affordable to residents with the lowest incomes is DC’s Local Rent Supplement Program, but this program has been funded at levels far too low to meet the substantial need for deeply affordable housing.

- **Nearly all DC renters with severe housing cost burdens have low incomes.** Of the 44,000 DC renter households that spent at least half of their income on housing in 2021, some 40,000 have incomes under \$50,000.
- **Renters with low incomes are more likely to face severe housing cost burdens than in the past.** Some 65% of renter households with incomes under \$50,000 had severe housing cost burdens in 2022, up from 50% in 2014.<sup>ii</sup>
- **Severe housing affordability challenges are common throughout DC but are concentrated east of the Anacostia River.** One-third of the DC renters with low incomes and severe housing cost burdens live in zip codes east of the Anacostia River – 20019, 20020, and 20032. However, there also are many low-income and cost-burdened renters in the 20002 zip code in Northeast DC; the 20001 and 20009 zip codes in the center of the city; in zip code 20011 in Ward 4; and in zip code 20008, which is primarily in Ward 3. Together, these zip codes account for

three-fifths of DC renters with low incomes who bear severe housing cost burdens.<sup>iii</sup>

More recent data on the housing status of DC renters confirms that many renters continue to face dire affordability problems. Census Bureau “Pulse Data” show that 28,000 DC renter households – or one in seven renters at all income levels – reported being behind on rent in early August 2023.<sup>iv</sup>

These data on residents with severe housing cost burdens do not, of course, include the many households who were displaced from the District by rising housing costs. A 2019 NCRC study found, for example, that DC experienced more gentrification between 2000 and 2013 than any other major city, and that 20,000 Black residents were displaced.<sup>v</sup>

| DC Renters with Severe Housing Cost Burdens Live in Neighborhoods Across the City |  |  |
|---|--|--|
| ZIP CODE  | Renter Households with Low Incomes and Severe Housing Cost Burdens | Share of DC Renter Households with Low Incomes and Severe Housing Cost Burdens |
| 20020   | 5,124  | 11.5%  |
| 20019   | 5,093  | 11.5%  |
| 20032   | 4,098  | 9.2%   |
| 20002   | 3,126  | 7.8%   |
| 20011   | 2,738  | 6.2%   |
| 20001   | 2,336  | 5.9%   |
| 20009   | 2,366  | 5.3%   |
| 20008   | 2,090  | 4.7%   |
| Source: U.S. Census Bureau, American Community Survey 2022 5-year estimates       |  |  |

The lack of progress in addressing severe housing affordability burdens reflects a number of factors. It suggests that the District is not creating enough new affordable housing for households with low incomes to offset the loss of affordable housing from the private market. It also shows that DC’s affordable housing programs are not reaching households with the lowest incomes but instead often target moderate-income households.

- DC is not using the Housing Production Trust Fund (HPTF) to create enough deeply affordable housing.** By law, half of expenditures from the Trust Fund — the District’s main tool to build new or rehabilitated affordable housing — is supposed to serve households with incomes who earn below 30% of the Median Family Income (MFI) for the DC area (\$45,650 for a family of four = 30% MFI). Yet in 2022, just 19% of HPTF expenditures served this group. In the past 8 years, an average of 27% of HPTF expenditures served these extremely low-income households.<sup>vi</sup>
- The District is not investing enough in rental assistance.** DC’s Local Rent Supplement Program (LRSP) allows participants to pay 30% of their income toward housing, with the program covering the remainder of the rent. That makes it the housing tool that is best able to help DC residents with the lowest incomes, because rents are tied to income. LRSP is provided in part through vouchers that participants use to rent private-market units, and in part through subsidies tied to specific buildings (often projects built with HPTF or other subsidies) or tied to specific housing provider organizations.

Yet the program has not been funded at the level needed to reach a substantial share of households in need. The District has funded roughly 6,400 LRSP units since the program was created in 2007, including both rental vouchers and subsidies tied to specific projects and housing providers.<sup>vii</sup> This rate is about 400 per year, well below the target of 1,000 per year recommended by DC's 2006 Comprehensive Housing Strategy Task Force.<sup>viii</sup> With 40,000 renter households with low incomes facing severe affordable housing needs, it will take over 100 years at this rate of funding to meet just the current need. As a result of the limited availability of housing assistance, the DC Housing Authority closed its waiting list in 2013 (which will soon be re-opened) with many residents waiting a decade or more with no offer of subsidized housing.

**It is worth noting that the District has invested substantially in creating affordable housing for residents experiencing homelessness.** Over the past 10 years, DC has provided funding for roughly 5,000 families and individuals experiencing homelessness, through Permanent Supportive Housing.<sup>ix</sup> These efforts have contributed to DC's stock of affordable housing, but limited to residents who are part of the homeless services system. It's worth noting that people experiencing homelessness are not counted among the 40,000 severely burdened low-income renters – since that figure only includes people who are housed and paying rent. If people experiencing homelessness were counted, the number of households with severe affordable housing needs would be even larger.

**Households with low incomes that are forced to pay most of their income for housing face many negative consequences,** including the risk of eviction or having to move to avoid actual eviction. Families paying most of their limited incomes for rent have less to spend on food and other basic needs. Children in severely rent-burdened families or in overcrowded conditions are more likely than others to fall behind in school and drop out. Adults in homes with severe housing affordability problems face high rates of depression and often miss medical appointments, delay medical care, and fail to fill prescriptions. Lack of quality affordable housing leaves many households living in deteriorated, unhealthy housing, with toxic substances, pests, inadequate ventilation, or unreliable heating and cooling. Families living in substandard housing suffer higher rates of chronic illnesses such as asthma, respiratory infections, and lead poisoning.<sup>x</sup>

These findings come at a time when the District's affordable housing policy choices are creating challenges for residents with low incomes: closing tent encampments without placing all affected residents into housing; a very slow pace of helping homeless residents access housing vouchers; the District running out of funds for emergency rental assistance in the middle of the year; and DC's Housing Production Trust Fund not meeting legal requirements for targeting assistance to households with extremely low incomes.

The DC budget for 2024 suggests the District will not make notable progress next year. The proposed budget includes no new funding for LRSP vouchers, helps just 240 households experiencing homelessness move into housing, and supports a smaller investment in the Housing Production Trust fund than in any year since 2015, after

adjusting for inflation. Rising housing costs are likely to push more renters to pay more than half of their income on housing, and **without any new funding to expand housing assistance, the number of severely burdened households with low income may grow.**

DC residents who lack economic security need policy makers to be intentional about their well-being. The District should do more to create affordable housing for residents with the lowest incomes. That should include **a greater investment in rental assistance** through LRSP, with the goal of serving a much larger share of residents with extremely low incomes and severe affordable housing problems. In addition, **the District should ensure that the Housing Production Trust Fund meets its requirement to target half of its funds on households with extremely low incomes,** and DC leaders should examine other affordable housing programs to focus them more on reaching residents with the greatest needs.

<sup>i</sup> The data in this analysis on DC households spending more than half of their income on housing come from the U.S. Census Bureau's American Community Survey for 2022.

<sup>ii</sup> 2014 is the first year for which this measure is available from published Census Bureau tables.

<sup>iii</sup> Zip-code level data come from the U.S. Census Bureau's American Community Survey 2022 5-year estimates.

<sup>iv</sup> U.S. Census Bureau, Household Pulse Survey for July 6 to August 7, 2023, Table 1b. Retrieved on September 18, 2023 from <https://www.census.gov/data/tables/2023/demo/hhp/hhp60.html>.

<sup>v</sup> Jason Richardson, Bruce Mitchell, and Juan Franco, "Shifting Neighborhoods: Gentrification and Cultural Displacement in American Cities," National Community Reinvestment Coalition, 2019. Retrieved on September 8, 2023 from <https://ncrc.org/gentrification/>

<sup>vi</sup> Eliana Golding, "Groundbreaking Investments in Affordable Housing Should Come with Increased Transparency and Oversight," DC Fiscal Policy Institute, April 26, 2022. Retrieved on July 25, 2023 from <https://www.dcfpi.org/all/groundbreaking-investments-in-affordable-housing-should-come-with-increased-transparency-and-oversight/>

<sup>vii</sup> This figure is drawn from the DC Fiscal Policy Institute's Budget Toolkits for fiscal years 2007 through 2024. See <https://www.dcfpi.org/all/fiscal-year-2024-budget/>

<sup>viii</sup> The task force recommended that the District fund 14,600 rental subsidies over a 15-year period. See [https://www.brookings.edu/wp-content/uploads/2016/06/20060613\\_Rivlin-1.pdf](https://www.brookings.edu/wp-content/uploads/2016/06/20060613_Rivlin-1.pdf) and [https://www.brookings.edu/wp-content/uploads/2016/06/20070305\\_housingmatrix.pdf](https://www.brookings.edu/wp-content/uploads/2016/06/20070305_housingmatrix.pdf)

<sup>ix</sup> Steve Thompson, "In D.C.-paid housing, he tried to stay sober as drug dealers took hold," Washington Post, August 8, 2023. Retrieved on August 23, 2023 from <https://www.washingtonpost.com/dc-md-va/2023/08/08/dc-paid-housing-chronic-homelessness/>

<sup>x</sup> Claire Zippel, "A Broken Foundation: Affordable Housing Crisis Threatens DC's Lowest-Income Residents," DC Fiscal Policy Institute, December 8, 2016. Retrieved on May 15, 2023 from <https://www.dcfpi.org/wp-content/uploads/2016/12/DCFPI-Broken-Foundation-Housing-Report-12-8-16.pdf>