The Committee of 100
on the Federal City

June 17, 2020

Testimony before the Council of the District of Columbia COW on the Fiscal Year 2021 Budget Support Act of 2020, B23-0760, June 17, 2020, 12 noon, virtual.

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I am Kirby Vining, Chair of the Committee of 100 on the Federal City testifying on the Budget Support Act for Fiscal Year 2021, on Subtitle G. Tax Abatements for Affordable Housing in High-need areas (lines 288 – 372 of B23-0760).

This proposal to offer a tax incentive for new market rate housing continues a legacy of creating new housing that low income residents cannot rent.

While you are considering absolving developers from property taxes for what will surely be very high-priced new housing units, you are also debating over $21M in reductions to the Housing Production Trust Fund and Dept. of Housing and Community Development for new or preserved low income housing. Those are our main sources for affordable housing, yet that proposal is on the table next to a tax break for developers.

We know how this story ends. On Capitol Hill between 2000 and 2017, 1,500 units were produced in large apartment buildings, and the population went from majority Black to majority white; the poverty rate went from 16% to 10.5%. On the Waterfront, 2,200 units were created in large apartment buildings, and the population went from majority
Black to majority white; the poverty rate dropped from 28% to 17%. In the Mid-City area, more than 3,000 units were created, 12,000 Black residents left and the area is now majority white; poverty dropped from 22% to 12.6%. Do we think the dramatic drop in poverty is not related to the change in demographics?

In this extraordinary time of change, this proposal is an example of what hasn't worked, what is unfair, and what should change. We don't need to provide incentives of any kind for market rate housing development – the population growth dropped to normal levels several years ago and in the years prior to the pandemic more people were leaving the District than moving here. We know this because the OCFO has been reporting that this trend will continue, long before the pandemic intervened. At the same time, we know from the OCFO that the District has more new housing supply than demand, and that trend will continue. The only benefit to adding to the supply according to a January OCFO special report is to marginally restrain rent increases for people paying more than $3,000 a month. Supporting this housing with public policies and revenues will do almost nothing for the people who need low cost housing.

The private market, which has produced thousands of housing units, created a combined 535 Inclusionary Zoning units ready for occupancy in FY17, FY18 and FY19. Seventy-eight percent of the units produced in FY18, according to the IZ Annual Report published in April 2019, were for people earning up to 80% MFI. Why should we think this tax giveaway program will be any different? Even DHCD, whose mission it is to create low income housing, is failing our most housing-burdened households. In FY17, FY18, and FY 19 up to Feb. 15, 2019, DHCD funded 11 new construction projects and in 9 of them a majority of units were for people earning up to 80% MFI.

We can't continue to create more division between the haves and the have nots and explain it away as someone else's fault. We need to examine the programs we have right now. If we truly want to house the thousands and thousands of extremely and very low-income DC residents, who need both rehabbed and new housing, we can't do it through the private market. Its, at best, a vehicle for a small number of units for households that could afford the lower end of market rate rents, but can't afford the luxury housing we've been producing. We need to invest public funds into more robust and urgent public programs and audit why the hundreds of millions of dollars we are spending are not producing more dramatic results.

Thank you.

Kirby Vining, Chair