

**Testimony in Support of the Exemptions and Abatements Information Requirements Act of 2009 (B18-400) before the Committee on Finance and Revenue**

**April 14, 2010, 10 a.m.**

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Good Morning Chairman Evans and esteemed Council members. My name is Jennafer Dorfman Wagner and I am a staff attorney at the Affordable Housing Initiative of the Washington Legal Clinic for the Homeless. Thank you for the opportunity to testify in support of B18-400. I'd also like to especially thank Councilmember Michael Brown for his leadership in introducing and shepherding this important piece of legislation.

The Washington Legal Clinic has been providing representation and advocacy for the homeless and persons facing homelessness for over 20 years. We are a non-profit organization and operate using entirely private funds. Much of our work is done by leveraging the services of scores of volunteer attorneys who are members of DC's private bar.

Approximately 8 years ago, the Legal Clinic started the Affordable Housing initiative because it became clear that the largest barrier to ending homelessness in the District is the lack of affordable housing. Unfortunately, in the years since the affordable housing initiative began the numbers of affordable housing units in the District has continued to decline steeply. A report issued by DCFPI in February shows that between 2000 and 2007 DC lost 23,700 units – a full 34% -- of the units of housing affordable to the lowest income renters<sup>1</sup>, whose incomes are below 30% of the Area Median Income (AMI).

A survey of recent tax abatement legislation shows that in the past two years, nearly twenty abatements regarding residential properties have been proposed. Of the 16 total abatements passed, almost none of them would have provided additional housing affordable to the most vulnerable of District residents who make less than 30% of AMI. Of the residential projects, only one purports to serve solely extremely low income residents, but the legislation does not describe how many units it will provide or the affordability requirements. In those bills which contained unit number information, the creation of 3406 units was anticipated; but only 22 of those units were anticipated to be affordable to people making 30% or less of AMI – less than a tenth of a percent of the total units. Most of the bills contained some unit information, although the information was not uniform. Nearly all of those abatements which included

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<sup>1</sup> Ed Lazere, DC Fiscal Policy Institute, Nowhere to Go: As DC Housing Costs Rise Residents Are Left With Fewer Affordable Housing Options 1 (Feb. 5, 2010), available at, [www.dcfpi.org/wp-content/uploads/2010/02/2-5-10housing1.pdf](http://www.dcfpi.org/wp-content/uploads/2010/02/2-5-10housing1.pdf).

affordability information proposed that 8-10% of the units created were anticipated to be affordable at 60 to 80% AMI. The rest of the units would be market-rate.

This information is incomplete as many of the bills did not contain unit-specific information. The Exemptions and Abatements Information Requirements Act of 2009 should require uniform unit and affordability information to be expressed in each abatement bill so the Council and the public can easily determine what we are getting in exchange for the lost tax revenue. Likewise, each certification should specify how many units were created and at what rate of affordability.

In addition, the CFO analysis that will be required by B18-400 will allow us to competently gauge how much revenue is being lost through any given abatement. The survey of abatements we at the legal clinic undertook is incomplete in that for most of the bills we could not tell how much tax revenue had been abated. An informal survey of abatements carried out by our office suggests that tax abatements passed in the last two years will account for more than 120 million dollars in lost revenue over the life of the abatements. We at the legal clinic believe that if the Council had been faced with a clear calculus of this lost revenue in exchange for only 22 units of deeply affordable housing, the Council would have demanded more.

In addition, we believe the bill should be strengthened to include information as to whether units being created are accessible to people with mobility impairments and should require that the project certify that 8% of the units being created are accessible as recommended by the Comprehensive Housing Strategy Task Force for all federally and locally funded housing projects. Our clients who use wheelchairs have an extremely difficult time locating accessible units in the District even when they have vouchers to subsidize their rent.

The question of what type of units we receive when foregoing revenue is not merely academic. According to DCFPI's most recent analysis, 62% of the lowest income renters pay more than 50% of their gross income for housing costs.<sup>2</sup> We know this means that those families will struggle to pay their rent and will find it difficult to buy adequate food, to get to school and work, to pay for decent child care, and to provide for their other basic necessities. Alarming, the percentage of families facing this severe housing cost burden has jumped 12 percent in just the past two years.<sup>3</sup>

At the same time, median gross rents have increased drastically, over 25%, from \$744 in 2000 to \$934 in 2007.<sup>4</sup> In fact, DC's rental costs are the 5<sup>th</sup> fastest growing in the nation<sup>5</sup>. The National Low Income Housing Coalition has calculated that an individual making minimum wage must work 145-hours a week, 52 weeks a year, to afford the fair market rent for a two-bedroom apartment in the District.<sup>6</sup> As a result, a recent Urban Institute report on Washington

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<sup>2</sup> Lazere, *Infra* note 1, at 8.

<sup>3</sup> *Id.*, at 9.

<sup>4</sup> Peter Tatian, Urban Institute, "Foreclosures and Renters in Washington DC (April, 2009), available at: [www.urban.org/uploadedpdf/411882\\_DC%20RentersandForeclosures.pdf](http://www.urban.org/uploadedpdf/411882_DC%20RentersandForeclosures.pdf).

<sup>5</sup> Lazere, *infra* note 1, at 4.

<sup>6</sup> This calculation was done by the National Low Income Housing Coalition, and the data can be found at [www.nlihc.org/oor/oor2008/data.cfm?getstate=on&state=DC](http://www.nlihc.org/oor/oor2008/data.cfm?getstate=on&state=DC).

DC's neighborhoods determined that DC housing costs have climbed beyond the reach of low wage workers.<sup>7</sup>

The District's existing stock of affordable housing is not sufficient to house those in need and is continually threatened. The District has approximately 35,000 subsidized affordable housing units.<sup>8</sup> However, even that housing may soon disappear; 68% of all of the District's project-based subsidized housing units have affordability restrictions that will expire in the next decade.<sup>9</sup> The District has already begun to lose its subsidized affordable housing units. In the project-based Section 8 program alone, the District has lost nearly 2,000 units of affordable housing since 2000.<sup>10</sup>

So perhaps we shouldn't be surprised that the most recent point in time survey showed a 25% increase in homeless families when comparing January 2009 to January 2008. Nor should we be surprised to learn that upon the end of hypothermia this year, March 31, the emergency family shelter system was oversubscribed by 116 families: 140 adults and 226 children.

The Exemptions and Abatements Information Requirements Act of 2009 can perform an important function in ensuring that District dollars are used in the most effective and efficient manner. The CFO analysis, in particular, will ensure that where abatements are appropriate, they are limited to what is actually necessary for the project to go forward.

Perhaps more importantly, the Exemptions and Abatements Information Requirements Act of 2009 will provide the Council a crucial tool to determine where District dollars should be used. Especially in these economic times, there will be many projects that cannot go forward without abatements. The Legal Clinic believes this bill will enable the council to guarantee that where the District is foregoing revenue that could be used to directly serve the community, the entire community will benefit. We hope this will result in the Council actively targeting abatements to projects that will provide otherwise unavailable housing affordable to those with the lowest incomes.

Thank you again for the opportunity to testify. I am available for any questions you might have.

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<sup>7</sup> Peter Tatian, Urban Institute, State of Washington DC's Neighborhoods (Sept. 30, 2008) available at: [http://www.urban.org/uploadedpdf/411881\\_stateofwashington.pdf](http://www.urban.org/uploadedpdf/411881_stateofwashington.pdf) .

<sup>8</sup> NeighborhoodInfoDC, District of Columbia Housing Monitor, p. 11 (Winter 2008), available at [www.NeighborhoodInfoDC.org](http://www.NeighborhoodInfoDC.org).

<sup>9</sup> Id. at 11-12.

<sup>10</sup> NeighborhoodInfo DC, District of Columbia Housing Monitor: Section 8 Multifamily Report (Winter 2008), available at: <http://www.urban.org/publications/1001153.html>.