An Equitable Future for the Washington, DC Region?: A “Regionalism Light” Approach to Building Inclusive Neighborhoods

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The Washington, DC metropolitan area is a large, economically robust region. It contains roughly 5.5 million people spread out over three states, the District of Columbia, 23 counties and independent cities, and 90 municipalities. The region’s economy is heavily dependent upon public sector employment, especially the federal government and private companies that contract with the government. Roughly 38 percent of the region’s economic output is related to government spending.\(^1\) The region also has a relatively well-paid and well-educated workforce. In fact, it is among the most educated metropolitan areas in the country, with nearly half of residents 25 or older holding a bachelor’s degree in 2010.\(^2\) Poverty rates are only about half the national average.\(^3\)

The region is racially and economically diverse, but is also among the most segregated metropolitan areas in the country.\(^4\) The region is majority-minority, with non-Hispanic Whites making up 47 percent of the population. More than one in five residents in the region are foreign-born. The eastern half of the region, including the neighborhoods east of the Anacostia River in the District and large parts of Prince George’s County, carry the region’s burden of poverty and distress. This includes neighborhoods with the majority of the region’s minority populations, poor residents, subsidized housing, its lowest home values, and its highest crime rates. In contrast, the District’s western neighborhoods and suburbs enjoy the bulk of the region’s prosperity, jobs, amenities, and high-valued neighborhoods.\(^5\) Various state laws and the lack of a regional government with land use authority give local governments, particularly counties, a lot of discretion in adopting housing policy, and contribute to uneven patterns of development.
The Washington, DC region is also one of the most expensive places in the country to live. In 2013, the median house price was over double that of the nation and median rents were over 60 percent higher. While the region is among the wealthiest in the nation, more than a third of households spend more than 30 percent of their income on housing. Not surprisingly, those at the bottom are the most cost-burdened. In the District, 64 percent of the lowest-income residents devote half or more of their income to housing. Tens of thousands remain on the waiting list for public housing and rental vouchers. As of December 2016, both lists were closed. Scores of homeless families fill the region’s shelters, which lack thousands of beds.

In recent years, the housing crisis has been exacerbated by sharp demand for new housing combined with a constrained supply, particularly after the Great Recession. Young, educated professionals have moved into the region’s most popular neighborhoods, largely inside the District. Between 1990 and 2010, the region grew by 37 percent, outpacing all other northeast metro areas. In the District, new residents have reversed decades of population loss while also pushing up property values and rents. Between 2000 and 2015, the average year-end sale price of a home in the region increased by 118 percent and as much as 275 percent in the District, compared to only 53 percent nationwide. The vast majority of new units catered to higher-income renters and homeowners. These trends have led to the direct and indirect displacement of many long-term residents and have helped to push poverty into the most disadvantaged neighborhoods in the District and its inner and outer suburbs.

What would it take to remake neighborhoods to move the region toward integration by race and income in the next few decades? In this paper, I propose strategies that build towards regional housing policies and plans, but also recognize the tough political realities of making regionalism work. This “regionalism light” approach stresses the need for broader adoption of and coordination across policies that are currently working at the local level while also building upon promising regional inroads. While regional cooperation on housing policies and planning has been by far the exception rather than the rule in the US, the Washington, DC metropolitan area has already made progress where many have failed. Given the strength of the region’s economy and its progressive municipalities, who are already national leaders on affordable housing issues, it is well-poised to continue to do so.

INCLUSIVE HOUSING GROWTH AND PRESERVATION STRATEGIES

While many different tools could be used to build more inclusive neighborhoods in the Washington, DC region, the protection and the production of affordable housing is key given the region’s current affordability crises. I focus on four strategies that can break down barriers to housing inclusion in existing neighborhoods as well as build a strong platform for current and future residents to be a part of the region’s continued
growth and prosperity. These are to preserve existing affordable units through aggressive anti-displacement strategies; capture land value to produce new affordable housing, especially near transit; increase the density and diversity of suburban housing; and tackle the region’s stark east-west divide with fair-share policies.

Preserving What We Have through Aggressive Anti-Displacement Strategies

One of the most significant challenges that the DC region faces is preserving its existing stock of affordable housing in the midst of intense market pressures. The District, for example, had about half as many low-cost rental units in 2013 as it did in 2002. To combat these trends, the region needs a more strategic approach to preserving existing subsidized and “naturally occurring” affordable units, and more aggressive anti-displacement measures that will keep existing low-income renters and homeowners in place.

The District has a good system to monitor and preserve existing subsidized units that can be strengthened and adopted more widely across the region. The DC Preservation Network is comprised of representatives from city housing agencies, the US Department of Housing and Urban Development (HUD), community-based organizations, and affordable housing developers. It maintains a database of assisted multifamily properties, organizes tenants, and reaches out to owners and managers to preserve affordable units in properties at risk of losing their subsidies. The city should redouble their efforts and coordinate their actions to prioritize those properties that receive federal subsidies, serve vulnerable populations, and maintain economic diversity in neighborhoods. The Metropolitan Washington Council of Governments (MWCOG), the region’s metropolitan planning organization, should organize a regional network to play a similar function and act as a central repository for monitoring and prioritizing affordable housing preservation strategies.

Preservation strategies are also needed for “naturally occurring” or market-rate affordable housing units. Municipalities that have been successful preserving the affordability of these units, such as Cook County, Illinois, have done so by incentivizing landlords to retain below-market-rate units with tax abatements and exemptions. To ensure that market-rate units are kept not only affordable, but also in good repair, such efforts should be combined with programs that focus on code enforcement and assistance for housing repairs. Recent initiatives in Montgomery County to conduct annual inspections of all rental units and adopt stricter penalties for code violations, and DC’s loan program to eliminate safety and environmental hazards, are important local precedents.

Other anti-displacement tools that the region already has in place are strong tenants’ rights policies, including regulations regarding condominium conversions, sales of
rental properties, and rent control. Currently the District, Montgomery County, and Prince George’s County are among the only jurisdictions in the country with laws that allow tenants or municipalities to purchase properties before landlords can offer them to outside buyers. In DC, the city pays nonprofits and legal advocates to advise tenants who want to purchase their properties and provides low-interest loans to help them make an offer. This program has had widespread success, saving approximately 7,500 affordable units in the District since its founding in 1978, including in some of the city’s hottest neighborhoods. However, in recent years, funding for the program has decreased while development pressures have increased, leading to a reduced number of tenant purchases. DC’s suite of tenant protections also includes rent control. However, it largely applies to units built before 1975, affects only landlords with more than four units and existing tenants, and has various loopholes that allow landlords to push up rents. Stricter provisions for existing rent control and right-of-first-refusal regulations as well as additional funding for the latter are needed to slow the tide of displacement, particularly within the District.

On the regional front, MWCOG has little leverage to force local governments to adopt stricter rental laws, but many municipalities may be willing to sign on to a regional tenant’s bill of rights. Adopted in DC and Montgomery County, these bills include provisions for ensuring home health and safety as well as combatting predatory rental practices that help advocacy groups hold municipalities accountable for adopting stronger tenant regulations.

For homeowners, tax relief and other forms of assistance designed to help residents stay in place need to be more aggressively adopted and funded. Tax relief policies generally benefit residents who have lived in their homes for a number of years by deferring property tax increases until they sell. Many jurisdictions in the region have such policies, but DC’s policy is the most aggressive. Through the homestead deduction, it provides tax relief to residents who own their properties as a principal residence by limiting the amount of annual increase, with greater limitations for seniors and the disabled. The District also provides a refundable property tax credit to lower-income homeowners and renters. Other policies provide assistance for maintenance and repair costs that can cause elderly and low-income homeowners to sell their properties. In DC, such measures also need to be extended to families with multiple children, who find it increasingly difficult to remain in the city.

**Capturing the Market in the Region’s Most Valued Land**

While the federal government provides local governments with critical affordable housing funding, these sources have been declining for decades and are insufficient. Municipalities have to come up with additional funds to meet demand, especially in expensive, high-growth regions like metropolitan Washington. A significant opportunity
lies in capturing more property market value and better directing those funds into affordable housing near the region’s most valued land, especially near transit.

Various municipalities, including the District, Montgomery County, Fairfax County, Arlington, and Alexandria have local housing trust funds, but they lack consistency in how and the extent to which they are capitalized. While some have dedicated funding sources, others rely largely on voluntary developer contributions. Some have invested heavily in their funds, as in the case of DC’s $100 million investment in 2016, while others’ investments have been more limited, as in the case of the City of Alexandria, which has collected only about $33 million over its fund’s nearly thirty-year history. Existing funds should require dedicated funding sources that take advantage of the region’s growth, such as deed, recordation, and property tax revenues; they should be supplemented by, not reliant upon, voluntary contributions.

The region also needs non-municipal revenue sources not tied to local governments. In 2002, MWCOG was among the first US metropolitan areas to establish a regional housing trust fund. The Washington Area Housing Trust Fund (WAHTF) leverages corporate contributions to provide low-interest loans to affordable housing developers throughout the region. While that fund is largely defunct, in recent years Washington-area philanthropies, nonprofits, and businesses have established similar funds. Since 2014, the Greater Washington Housing Leaders Group, which is made up of over a dozen public and private sector leaders, has helped to push efforts like the DC Preservation Loan Fund, which leverages private capital to invest in the production and preservation of affordable housing in the Washington region. While attempting to revive its regional housing trust fund, MWCOG should also support the existing efforts of these regional foundations and nonprofits as a particularly effective funding source for its high-growth market.

In the use of both local and regional housing trust funds, priority needs to be given to the production and protection of affordable housing near transit. Currently, much of the region’s highest-valued real estate is located near Metrorail lines, and in the coming decades, it is expected that the majority of new housing production will be near existing and new transit projects. In DC and inner suburbs like Arlington and Silver Spring, the region has successfully used transit-oriented development (TOD) designations to create dense, mixed-use development. However, several municipalities do not require affordable housing within their TODs, and many non-Metrorail transit locations that face similar affordability challenges lack such policies. Within TOD sites, inclusionary zoning policies are needed that allow for both higher densities and a higher percentage of affordable housing units (up to 25 or 30 percent, as opposed to the 12 to 15 percent required by inclusionary zoning policies in much of the region). These sites should have standard policies regarding reduced parking minimums, waivers for
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Historic preservation standards, and streamlined permitting processes to reduce the cost of affordable housing production. While inclusionary zoning has been a tough sell outside of the most progressive municipalities in the region, the protection of affordable housing near transit is a widely recognized regional goal. Region Forward, the region’s 2010 vision plan produced by a coalition of local governments, includes the goal of having at least 80 percent of new or preserved affordable units located near critical transit nodes. Designated areas should include not only neighborhoods near Metrorail lines, but also other forms of transit, such as the Purple Line (the region’s first light rail project), bus rapid transit routes, and streetcar lines.

Common standards for TOD sites should give attention to a range of housing needs, including workforce housing and housing for the region’s most disadvantaged households. Priority for both rental and ownership opportunities in TOD sites should be given to residents seeking to live close to their work, not only to reduce transit times and costs, but also to increase the percentage in low-income residents downtown and in areas west of the city where most jobs are currently located. Given the severe shortage of units for the very-low-income residents of the region and the paucity of public housing units and rental vouchers, standards also need to include a percentage of units for those whose incomes fall below inclusionary zoning levels (i.e., 15 to 30 percent of AMI).

Encouraging Diverse and Dense Suburban Neighborhoods

While protecting existing affordable housing units and producing new housing near transit can significantly increase regional affordable housing, there are a number of suburban neighborhoods that fall outside of these areas. To promote more inclusion in these neighborhoods requires strategies focused on increasing the density and diversity of the existing housing stock, such as streamlined accessory dwelling unit (ADU) provisions, more mixed-use and higher density zoning policies near existing commercial and transit corridors, and strategies to reinvest in declining inner-ring suburban housing.

Many municipalities and counties, such as the District, Montgomery County, Arlington, and Fairfax County, have existing ADU policies that allow by-right small dwelling units on existing single-family lots. Such policies, however, contain different provisions across municipalities and are often too onerous to provide a reliable source of affordable housing units. Existing policies need more standardized and streamlined provisions (such as for permitting requirements) and incentives for owners to take advantage of these provisions. The city of Santa Cruz, California, for example, waives development fees and offers low-cost construction loans for ADUs that are made available to low- and very-low-income households. They also subsidize ADU construction and education programs, offer expedited permitting, exempt ADU dwellings from
certain parking requirements, and have modified setback requirements in single-family zones to encourage ADU construction.

Even with coordinated ADU policies and incentives in place, however, if they are not required by zoning, many suburban neighborhoods will likely continue to shirk their responsibility to contribute to the region’s affordable housing challenges. Region Forward’s designation of Regional Activity Centers, areas currently targeted by local comprehensive plans for future employment and housing growth, provides a starting point for more aggressive zoning changes, including those that can make room for more mid-rise, multi-unit, and clustered housing in existing low-density suburban areas. Montgomery County’s Moderately Priced Dwelling Unit (MPDU) program, its inclusionary zoning program that has been in place since 1978, provides a model for mixing different unit sizes and housing densities in architecturally compatible ways.

It is also important to recognize that many inner suburbs facing decline already have a fairly dense supply of “missing middle” housing built in the post-war period. Communities such as Langley Park in Prince George’s County are struggling with rising costs associated with aging housing and infrastructure as well as increasing poverty rates, but often lack the policy tools and fiscal resources needed address these challenges. In the 1990s, to revitalize its older suburbs, Baltimore County established a new county office that issued homeowner and business assistance loans, redeveloped town centers, and invested heavily in infrastructure. Washington-area counties could establish similar revitalization programs that leverage their strong tax base and target communities most in need. When combined with strict code enforcement policies that hold developers accountable for maintaining high standards of housing, county governments can help to both stem the forces of inner-ring decline and invest in the revitalization of these communities.

**Breaking through the East-West Divide with Regional Fair-Share Policies**

One of the primary challenges of neighborhood equity and inclusion in the Washington, DC region is the stark difference between communities in its eastern and western sections. The lack of regional approach to tackling this divide leads to government inefficiencies, exacerbates income and racial inequality, and contributes to a lack of affordable housing. However, the region has a history of working together to address housing issues and a platform upon which to build coordinated regional approaches to issues like homelessness and housing vouchers.

In March 2015, the District, Montgomery County, and Prince George’s County announced plans to work together to end homelessness in the region. In doing so, government leaders committed to addressing issues of affordable housing, workforce development, economic development, and supportive services. While the details of
this partnership are still being hammered out, it marks an important step towards a regional and multi-sectoral approach to homelessness. To be effective, this partnership should include more regional jurisdictions, set specific goals and targets, and identify funding sources for specific programs. Previous studies have, for instance, pointed to the need for more permanent supportive housing and rapid-rehousing programs, increased subsidized housing for extremely low-income residents, and job training for low-skilled and low-wage workers. The partnership should also encourage municipalities to promote a more equitable distribution of homeless shelters and transitional housing within their jurisdictions. The District’s recent efforts to distribute new homeless shelters in all wards of the city, though strongly resisted, shows what is possible with political will.

While regional fair share policies around subsidized housing are likely to face fierce opposition, there is an opportunity to make progress around the distribution and coordination of housing choice vouchers (HCVs). As Pendall’s introductory essay in this volume notes, MWCOG has already begun conversations with regional stakeholders about conducting a regional Assessment of Fair Housing (AFH) that could be the basis of inter-jurisdictional cooperation on various housing policy issues, particularly HCVs. There are a range of issues that lead many voucher holders to concentrate in the region’s most disadvantaged neighborhoods. These include the unequal distribution of housing vouchers, a lack of housing counseling, the willingness of landlords to accept vouchers, and limited affordable options in high-opportunity neighborhoods (i.e., those near jobs, high-performing schools, and transit). Regional coordination around subsidized housing policies can address interregional mobility issues in various ways, such as by encouraging municipalities to adopt anti-source-of-income discrimination laws that prevent prospective landlords from considering a tenant’s source of income. The District and several counties in Maryland have such laws, but many other municipalities and counties do not. Regional housing trust funds, DC Preservation Loan funds, or other regional sources could also be used to supplement federal vouchers to encourage residents to locate into more opportunity-rich neighborhoods.

CONCLUDING THOUGHTS
There are many challenges in implementing such an ambitious agenda for neighborhood racial and economic inclusion. Primary among them is stimulating the cooperation needed to make it happen, especially given the fragmented structure of municipal governance and land use authority. However, the Washington region is not as fragmented as many areas of the country, and many of the decisions related to housing policy are made at the county level. Further, the region has a strong track record and framework for collaboration. MWCOG convenes regional leaders on a monthly basis who have found common ground on plans for transportation, economic development, and the environment. Housing is always among the toughest issues to
tackle regionally, but MWCOG already collects and shares affordable housing data and best practices, develops strategic partnerships among municipalities to promote affordability, and monitors the region’s progress on creating and preserving affordable housing. Developing a housing plan and a more inclusive decision-making process could push housing issues forward on the regional front, while continuing to make progress in local communities.

A regional housing plan will help municipal leaders formulate shared goals and keep them on track to meeting them. An effective plan would contain specific local housing targets for production and preservation, with regional equity as a core planning principle. It would also specify regular monitoring and evaluation procedures and mechanisms to hold municipalities accountable for contributing to the goals. The Region Forward plan, which includes affordable housing goals, has already set the stage for such a plan. If completed, MWCOG would need greater authority to see that the plan’s goals were met. In California, metropolitan planning organizations are required to create regional housing needs and allocation plans that are used to direct state housing funding. Similarly, MWCOG should be charged with distributing funds from its renewed regional housing trust or the DC Preservation Loan funds to meet plan goals.

To be effective, such a plan must also broaden the base of decision-making beyond local officials. Business leaders, housing advocates, nonprofit and for-profit developers, housing authorities, tenant organizations, and landlords all need to be at the planning table to generate buy-in and a willingness to work toward common goals. It also needs to be informed by the input of diverse local communities. Generating meaningful community engagement in regional plans is difficult, but can be effective when it relies on the efforts of organizations that have a foothold in the communities and can reach disadvantaged populations. Outreach should aim to educate the public on issues of regional equity and affordability as well as to foster open dialogue about critical housing issues. Finally, planners and local policymakers need to be accountable for translating community feedback into plans and policies. A regional housing advisory committee made up of advocates and residents from across the region could advise planners on engaging diverse communities and ensure that their voices are reflected in the plan.

Such an ambitious agenda will not arise overnight. However, it is possible to start small and make steady progress. Building a broader table for coordinated regional planning by convening more diverse stakeholders around affordable housing issues, creating more common language around existing policies, and expanding existing regional collaborations, such as those around homelessness, are some potential areas to begin. In the longer term, these small steps can build support for larger regional
actions. Battles over issues such as increasing densities in the region’s suburbs, inclusionary zoning in TOD sites, and adoption of anti-source-of-income discrimination laws will take more time, the cooperation of multiple sectors, and lot of political will. Municipalities that have already shown a willingness to adopt affordable housing policies, such as the District and Montgomery County, need to provide leadership for these longer-term efforts. By working together to leverage new funding sources, create programmatic efficiencies, and adopt coordinated policies, they can demonstrate success and set the framework for broader regional cooperation.

The Washington, DC region currently has some of the most progressive policies in the nation for building more inclusive and diverse neighborhoods. Despite its complex and layered governance structures, it has managed to achieve an exceptional level of coordination on a number of issues, and many other regions around the US look to it as an example of what is possible. However, it cannot continue to claim leadership on these issues if political, business, and community leaders are not willing to invest in the regional infrastructure it has already built and also to look for new and creative ideas that will contribute to further progress.

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Endnotes

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