

COG Issue Briefing

Metropolitan Washington Council of Governments

Office of Public Affairs

REGIONAL CRISIS: LACK OF AFFORDABLE HOUSING

An almost-decade long economic boom has created incredible growth, fostered job creation—and driven up housing and rental costs beyond the reach of tens of thousands of area residents. In the Washington region, nearly 15% of all households spend more than half of their total income towards housing needs or else live in severely inadequate units. In the District of Columbia alone, officials estimate there are 6,600 homeless persons. The struggle to find affordable housing is no longer limited to the region's poor. For a growing portion of the region's workforce, housing costs drive the decision on where to live and work.

KEY FACTS

- The average price of a new home in the U.S. was \$218,400 in December 2000.
- The average sales price of a home in the District, Alexandria, Falls Church, and Arlington, Fairfax, and Montgomery counties in December 2000 was \$283,989.
- The area's income gap rose from 3-1 to 4-1 with the area's median income rising to about \$78,000 for a family of four in 1998.
- The "strong economy paradox": the strong economy has often worked to the detriment of affordable housing efforts.
- The Washington metropolitan area ranks 56th on the Housing Affordability Index of major metropolitan areas. This rating is based on the Primary Metropolitan Statistical Area, which includes outlying areas such as Stafford and Warren counties, and parts of West Virginia.
- Available market-rate rental units in the region are at a 30-year low.
- 68,000 renter households in the Washington region have "worst case" housing needs.
- 24,500 households in Washington, D.C. alone are on waiting lists for HUD housing assistance.
- A worker earning the minimum wage of \$6.15/hr., has to work 108 hours per week in order to afford a two-bedroom unit at the area's Fair Market Rent.

RECENT DEVELOPMENTS

- 1) Nationally, the number of moderate-income families who are unable to find affordable housing surged dramatically. There was an almost 40% jump from 1997 to 1999 in the number of families earning 50-120% of median income with "critical housing needs." (*Data released by the Mortgage Bankers Association of America*)
- 2) In January, Montgomery County Executive Doug Duncan called for doubling the number of affordable housing units built to 1,000-1,200 per year while preserving existing affordable housing stock.
- 3) A coalition of government officials, community activists and housing experts will convene an affordable housing forum on March 7 that will look at the problem in St. Mary's County. Like other rapidly growing and formerly mostly rural areas in Maryland, the county is facing its worst affordable housing shortage in decades.
- 4) The Washington Area Housing Partnership at COG will hold a conference on affordable housing on March 23 at the National Press Club. The conference will explore the links between affordable housing and continued economic growth in the region. The Partnership hopes to reinvigorate discussion among a broad cross-section of the region's business and political leadership, with the goal of finding effective regional solutions.