

INTERSECT

NEWSLETTER

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WASHINGTON REGIONAL NETWORK FOR LIVABLE COMMUNITIES

FORUM ANNOUNCEMENT

Housing and Economic Development for the City

with

Eric Price, *Deputy Mayor* for Planning
and Economic Development

Wednesday, January 14, 2004

John A. Wilson Building

1350 Pennsylvania Ave. NW, Room G-9

5:30pm, refreshments; 6:00pm, program (note new times)

Mayor Williams, councilmembers, developers, and housing advocates all play a role in shaping D.C. housing policy, but Deputy Mayor Price, more than any other official, is responsible for implementing it. How does he do that? How are priorities set? How does housing fit with other elements of economic development? How do projects actually get put together and carried out? What are the constraints -- financial, institutional, political? This is a rare opportunity to hear Mr. Price and to ask questions.

RSVP: WRN, 202-667-5445, or e-mail: staff@washingtonregion.net. This event is free of charge and is the last in WRN's *Housing in the City* Forum Series sponsored by



Watch WRN's website for details: www.washingtonregion.net

Metrobus Gets a Boost

Despite worries about major operating and capital funding shortfalls, Metro Board of Directors adopted a modest \$800,000 bus enhancement program including the posting of route numbers at 300 bus shelters, and regional bus route information and maps at Metrorail stations. In the future, Metro hopes to implement real-time bus passenger information system, traffic signal priority for buses and improved stops and shelters. The successful adoption of this measure was greatly helped by the efforts of the Sierra Club and its "Get Metrobus on the Map!" campaign.

Washington Area's Low Transportation Costs Raise Affordability

by Cheryl Cort

Transit is the saving grace of high housing costs in the Washington, D.C. region, according to new analyses of U.S. consumer expenditures. Housing and transportation combined make up a household's top expenditure, and consume over fifty percent of the family budget. Despite the Washington area's high housing expenditures, ranking third highest in the survey of 28 metropolitan areas, the area has the third lowest transportation costs, putting its combined housing and transportation spending in the middle of the pack.

The Washington, D.C. area households spend less than nearly any other major metropolitan area on transportation, according to recent analyses of the U.S. Department of Labor Consumer Expenditure Survey for 2000-2001. Only two other urban areas, Honolulu and New York City, spend less than D.C. region households on transportation. Washington area households spent 16 percent of household expenditures on transportation, and over 37 percent on housing. Nationwide, the highest expenditures on transportation were 25 percent in Tampa, and 37.5 percent for housing in San Diego. On average, American households spend \$7,633 per year on transportation, and \$13,011 per year on housing.

For combined expenditures, the D.C. area ranks in the middle, 13 of 28 metro areas surveyed. This ranking beats Denver, Atlanta, Cleveland, Chicago and Seattle in housing/transportation affordability. On the housing expenditures side, only San Diego and Atlanta are more costly.

"The study documents the pocketbook benefits of smart growth. The large cities with concentrated growth, mixed-use development and transportation options are places where high housing costs are somewhat offset by more affordable transportation, helping to bring down the combined location costs," according to Robert Dunphy, Transportation Fellow at the Urban Land Institute, referring to his analysis of the federal statistics. "Moreover,

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WRN advocates transportation investments, land use policies, and neighborhood designs that enhance existing communities and the environment of the Washington D.C. region.

Cheryl Cort, Editor; Elizabeth Cox, staff writer; and Janet W. Brown, contributing writer.

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homeowners in these higher priced housing markets have the advantage of building wealth through home equity, rather than buying cars, which only depreciate,” said Dunphy.

The dramatic savings in transportation costs is due to the availability of public transportation. On average, families around the country spent \$7,633 on car ownership costs per year, and \$400 on public transportation. In high transit-use metropolitan areas like Washington, D.C. and New York City, households spend between \$900 - \$1000 per year on public transportation.

Other Federal statistics show that low wage workers spend much more proportionately on their travel costs than higher income workers. The Surface Transportation Policy Project (STPP) examined these figures and found that commute costs were \$1,280 per year in 1999 for Americans who use a car or truck. In contrast, Americans who were able to commute by public transportation spent only \$765, an annual savings of \$515.

Commuting costs for the working poor are 21 percent of their income when they must rely on their own vehicle, and only 13 percent when they can take public transportation. Lower income workers also are more likely to rely on less expensive commuting options of public transit, carpooling, bicycling, and walking than higher income workers.

To save families money and help build wealth, STPP recommends increasing public investment in transit, and crediting households near transit with the savings of their location through Location Efficient Mortgages.

For more see: “We Knew It: Smart Growth Helps Lower Consumer “Location” Costs for Housing, Transportation,” by Robert Dunphy at: http://www.experts.uli.org/dk/Press/2003/ex_Press_PR_034_fst.html

“Transportation Costs and the American Dream: Why a Lack of Transportation Choices Strains the Family Budget and Hinders Home Ownership,” by STPP at: <http://www.transact.org/report.asp?id=224>

New Report Makes Case for Increasing Affordable Housing in D.C. through Inclusionary Zoning

PolicyLink, a leading national policy group focused on equity released a study on the potential of inclusionary zoning to assist local advocates in developing new tools to build and preserve more affordable housing in D.C. This new report draws on inclusionary zoning successes from around the country and makes recommendations for expanding the availability of affordable housing in Washington, DC that apply to other cities as well.

For full report, see: <http://www.policylink.org/DCIZ.html>

Councilmembers and Advocates Debate a New Housing Agenda for D.C.

by Janet W. Brown

At WRN’s third public forum on “Housing in the City” on November 19, D.C. Councilmembers Jack Evans and Phil Mendelson and housing advocate Nina Dastur proposed policies and programs to rescue the diminishing supply of affordable housing in the city. It fell to Dastur, an Equal Justice Works Fellow with the Center for Community Change, to remind the audience of the basics:

-- Sixty percent of D.C. households with annual incomes below \$35,000 have excessive housing costs, paying more than 30 percent of their income for shelter.

-- The city is short 13,800 units affordable to the lowest income households, those earning less than \$10,000 a year, serving only half of these families.

-- Poverty is becoming more concentrated: with the number of census tracts with more than 40 percent living in poverty increasing from 10 to 23 over the last decade. This shift appears to be linked to displacement from other neighborhoods.

Jack Evans, Ward 2 Councilmember for 12 years and Chair of the powerful D.C. Council Finance and Revenue Committee, led off the discussion by warning that he and others perceive federal low income housing programs as largely failures, and that the federal government is reducing, and is likely to eventually eliminate its assistance for low income housing altogether. He pointed out that while D.C. finances were solid (with a balanced budget and reserves -- unlike neighboring Maryland and Virginia and many other states), demands are growing and that it is unlikely that there will be additional public funds available for housing. The question, he said, was “Can we spend our money better?” He hailed the Housing Production Trust Fund as the “best bet,” with a cautionary note about its implementation, saying, “We haven’t yet seen any [Trust Fund] buildings finished yet.” Evans was hopeful also that Tax Increment Financing (TIF) might be used to promote construction of affordable units. He pointed out that the city needs also to help residents stay in their homes, and that a further cap on real estate taxes, as low as 10 percent per year is a means to accomplish this goal. (Note: see D.C. Fiscal Policy Institute’s analysis of the equity impact of the tax caps, <http://www.dcfpi.org/12-12-03tax.htm>).

Councilmember-at-Large Phil Mendelson expressed pride in his contributions -- as a citizen even before he took office five years ago -- he helped create the laws that empower renters, especially the tenants' right of purchase when their landlord decides to sell his building. Advocates cite this provision as one that has helped working families stay in their neighborhoods in the face of rising housing

prices. As a D.C. councilmember, he then proposed that the city consider a variety of techniques used elsewhere to lower housing costs: reverse mortgages for elderly homeowners, and Tax Increment Financing. He is also working to close the loophole in the tenant purchase law with his Bill #15-133. To increase the affordable housing stock, Mendelson said the city should be examining inclusionary zoning and commercial linkage to see how they might work in D.C. And he pointed out how important it is to distribute affordable housing throughout the city to promote economically integrated neighborhoods.

Warning that there's "no silver bullet" and that the Housing Production Trust Fund, even if fully funded every year cannot by itself meet the need, Dastur said the private sector must get more involved. She proposed three policies widely used in other cities to increase the supply of affordable housing:

-- inclusionary zoning requires all housing development projects of more than a specified number of units (e.g. 10 in D.C.) include a certain percent of units (e.g. 15–20 percent) as affordable to moderate income workers, such as teachers, and fire fighters, in return for compensation to the developer by allowing more units on site, and other non-monetary concessions.

-- commercial linkage would require that developers of commercial space contribute \$4 to \$7 per square foot to the Housing Production Trust Fund in recognition of the number additional housing units the businesses will require from new jobs created. (Usually space for small businesses is exempted.)

-- employer-assisted housing programs encourage both public and private employers to house some of their employees near their jobs (usually with some incentive offered by the city), recognizing that the transportation time- and cost-savings benefit both worker and employer, and the environment.

To help preserve existing affordable housing, Dastur pressed for passage of Bill #15-133, which will restore the tenants' first right to purchase their buildings when owners of rental properties decide to sell.

The speakers' brief presentations were followed by more than an hour of lively exchanges with the audience and each other. Members of the audience made their own suggestions, including a well-staffed tenant-assistance office. In response to questions, both council members expressed some caution about inclusionary zoning and commercial linkage, lest the city frighten away developers that it needs. And both agreed to urge the Mayor to make his appointments -- now almost two months overdue -- to the task force that will draft a comprehensive housing strategy for the city.

Concentrated Poverty Grows with Rising D.C. Housing Market, Study Shows

by Elizabeth Cox

Two varying trends, a high level of new housing construction and a concentration of poverty, highlight the state of housing in the District of Columbia. These findings were the focus of a public forum led by Margery Turner of the Urban Institute and hosted by WRN on October 21.

The recent release of the second edition of "Housing in the Nation's Capital" funded by the Fannie Mae Foundation sparked conversation between Turner and over seventy forum attendees. The report, based on information from the 2000 census, shows D.C. has fared well in the face of recession. The employment rate and the average wage have increased as well as the level of education among District residents while the number of people on welfare and the number of vacant properties have both decreased.

Despite the Washington region's overall prosperity, the number of extremely poor census tracts in the District rose, their population increased, and their poverty deepened. D.C. housing prices have been rising twice as fast as the rest of the region. In 2002, the average price of a home in D.C. was \$341,000, compared to \$267,000 for the rest of the region. Sale prices have doubled in neighborhoods like Columbia Heights, Shaw and Capitol Hill. Other neighborhoods, such as Ivy City, are being left behind by the city's housing boom. Only one new housing unit was authorized in Ivy City between 1999 and 2002.

In 2000, almost one in four poor District residents lived in a census tract with a poverty rate exceeding 40 percent. The causes of rising concentrated poverty are unclear but evidence suggests that some lower income residents displaced by high housing costs in gentrifying neighborhoods have moved to areas that have not benefited from the city's housing revival. The rise in concentrated poverty in the District, the only jurisdiction in the region with clusters of high poverty, is even more disturbing when compared with trends in other major cities where high poverty areas declined by an average of one-third. Turner believes, "In terms of the city's vitality and prosperity, we should be able to do better than this."

According to Turner, D.C. and other jurisdictions need to identify gentrifying neighborhoods early and preserve affordable housing. She also recommends luring people to less populated, emerging neighborhoods in order to relieve pressure in desirable neighborhoods. Federal assistance, the primary resource for very low-income housing, is declining and unlikely to improve, according to Turner. The burden is increasingly left to jurisdictions that are unable to find

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the resources to provide housing subsidies for low and very low-income residents. Turner also emphasized the need to think about housing in a regional context. Although there is no effective regional institution, she thinks, "D.C. should step up and declare itself a leader in the region."

The city has played an increasingly active role in subsidizing housing for low and moderate-income residents in recent years. It has also made significant strides with some initiatives, such as funding the Housing Production Trust Fund, which has financed almost 3,200 new and rehabilitated housing units in 2002 alone. However, troubling trends in increased areas of concentrated poverty and an inadequate supply of affordable housing demonstrate that "the city could be doing better."

For full report see: www.fanniemaefoundation.org/publications/reports/hnc/2003/hnc2003.shtml

Metro Pleas for Funds to Renew Aging System and Keep Up with Growth

by Cheryl Cort

"America's transit system stands at the precipice of a fiscal and service crisis," begins the "Metro's Matters" brochure on the Washington Metropolitan Area Transit Authority's (WMATA or Metro) capital funding needs. Metro has created an unusual appeal to the public and policymakers: it is pleading for \$1.5 billion to purchase rail cars, new buses, and supporting investments to renew an aging system and keep pace with the demands of growing ridership. This \$1.5 billion would fund Metro's most urgent, unfunded priorities. Despite a successful 25 percent growth in ridership during a recent five-year period, Metro warns that that continued capital investment deferrals will increase severe overcrowding and affect service in ways much more visible to customers. Declining quality of service will drive commuters back into their cars, further congesting roadways and worsening the region's already poor air quality.

The replacement value of the Metro system is estimated to be \$24 billion. The "bare bones" \$1.5 billion six-year capital program represents another 1 percent of the system value. Added to the existing 1 percent in annual spending levels, the total capital needs are 2 percent of the existing \$24 billion asset value. WMATA argues these capital needs are hardly an extravagant figure for such a significant public asset.

Metro explains that the \$1.5 billion are needed for three parts of its capital program:

1. Protect the Metro investment: \$516 million to replace and rehabilitate its assets, including trains, buses, elevators, escalators, maintenance and passenger facilities, track,

power cables, etc. Metro refers to these needs as its "aging pains."

2. Leverage the Metro Investment: 120 new railcars for \$625 million, and 185 buses for \$171 million. New railcars will allow the system to run 8 car trains, currently it only runs 6 and 4 car trains due to funding constraints. Metro says these investments will address its "growing pains."

3. Secure the Metro investment: \$150 million is needed to provide critical infrastructure protection, eliminate potential vulnerabilities in the Metro operating system, and improve Metro's ability to respond and recover during a regional emergency. In a post-9/11 world, increased security is viewed essential for the nation's capital's transit system.

Metro officials are quick to make the distinction between its \$1.5 billion six-year capital program and annual operating budget problems. Next year's fiscal year operating budget deficit (FY05) is forecast to be between \$46 million, if jurisdictions provide no increase in subsidies, to \$28.8 million, if local contributions grow by 4.5 percent.

For the "Metro Matters" capital renewal needs, Metro officials see less than expected federal funding from the reauthorization of the federal transportation law currently before the U.S. Congress. Metro officials indicated at the Dec. 11 Budget Committee meeting that a stand-alone bill will be needed to meet the bare necessities of rehabilitation, and rail and bus purchases. For more information, see: <http://www.wmata.com/about/metromattersfactsheet.pdf>

Support *Intersect*, Join WRN

This newsletter is a free service. Please help WRN continue to report on these issues important to livable communities; join WRN and support *Intersect*. WRN welcomes all donations but a basic membership is \$35 for individuals and \$200 for organizations. Contribution forms are available on our website: <http://www.washingtonregion.net/html/contributionform.html>.

WRN thanks the following organizational donors and individuals for their support for WRN's efforts to promote livable communities for the Washington region: Steven Hill, Mary Vogel, Richard Klein, Kyle Walton, Stewart Schwartz, Walter Rybeck, Donald Barclay, Don Harris, Andrea Broaddus, Thomas Metcalf, William Mosley, Jim Clarke, Freya Grand, Josh Gibson, Alice Giancola, Tillman Neuner, Merrill Boone, Deborah Katz, Julia Cuniberti, Lee Epstein, Kristin Pauly, Linda Katz, David Flanagan, Anne Ambler, Webb Smedley, John and Gail Harmon, Nancy Smith, Andrea Ferster, Jay Hellman, Jim McGrath, Tad Baldwin, Janet and Norman Brown, The Chesapeake Bay Foundation, Mary Nagelhout, David Smole, and Stephanie Jennings and Rob Inerfeld.

Virginia Elections: Smart Growth Advocates Count Win on Message

by Elizabeth Cox

Despite unprecedented funding from the development industry, nearly every candidate on both sides in the Northern Virginia elections campaigned in favor of controlling growth. According to Chris Miller, President of the Piedmont Environmental Council, "It's little wonder that nearly every candidate jumped on the bandwagon," since 85 percent of Virginia voters cited growth issues as the cause for deterioration in their quality of life in a Mason Dixon Poll in January 2003.

Even with campaign promises to control growth, taxpayers should be concerned with developer-backed local candidates. "The development industry clearly hopes to reopen the floodgates to real estate speculation, but this will hand Loudoun and Prince William taxpayers a massive tax bill to pay for all the new schools, roads and other infrastructure," noted Stewart Schwartz, executive director of the Coalition for Smarter Growth. "We hope that instead the newly elected officials will work for their voters and taxpayers. This means a rate of growth that the taxpayers can afford and quality development that emphasizes walkable, mixed-use communities, transit, and significant open space protection," concluded Schwartz.

In Loudoun County, Eugene Delgaudio, Lori L. Waters and D.M. "Mick" Staton, all developer-backed Republicans won election. Delgaudio, an incumbent, who had opposed the comprehensive plan changes made by the Board, claimed in his campaign literature that controlling growth is one of his top priorities. Western Prince William saw a major victory for smart growth. Incumbent Supervisor Ed Wilbourne who led the voting bloc known publicly as the pro-development "Gang of Five," was outpolled 6 to 1 by challengers John Stirrup and Gary Friedman, with Stirrup taking the win. In Fauquier, voters strongly endorsed a continuation of smart growth policies by reelecting Harry Atherton and electing Planning Commission Chairman Richard Robison to a Supervisor seat. In Fairfax County, voters rejected all four of the Board of Supervisors challengers, including Republican Mychele B. Brickner, who had pledged to impose a rigid cap on escalating property taxes – demonstrating that Northern Virginia voters are more concerned with preserving high-quality schools, public safety and other services.

For the first time, local campaign contributions for Loudoun, Prince William and Fairfax are available on-line courtesy of the Virginia Public Access Project and The Washington Post. The website shows large \$5000 and \$10,000 contributions from the Northern Virginia Building Industry Association's PAC to winning Loudoun candidates. Several of the winning candidates received over 50% of their contributions from the development industry.

Shady Grove "Mixed Use Urban Village" Plan Offers Many Amenities for Few People

After years of planning, focus groups, and community meetings, the Montgomery County, Maryland, Planning Board heard testimony on the Shady Grove Sector Plan which proposes to create a "mixed use urban village" around the Metro station with interconnected streets, boulevards, pedestrian and bikeways, street-oriented buildings, extensive streetscaping, and a network of urban parks, open spaces and other public amenities. The plan calls for adding potentially 4,000 homes to a 2,000 acre planning area, along with small scale retail and areas of industrial lands and technology-oriented businesses. The plan also calls for a Transportation Management District that focuses on reducing vehicle trips and promoting walking, bicycling and transit use.

WRN's Executive Director Cheryl Cort testified at the hearing, praising the plan for its future vision of growth for the county. WRN cited the plan's emphasis on transit-oriented development, and attention to pedestrian-oriented design as a welcome alternative to large lot, automobile-dependent subdivisions, but asked that more housing, and more affordable housing be integrated into the plan. Cort also recommended that new housing proposed for large lot zones in the adjacent Upper Rock Creek planning area be reallocated to the Shady Grove Sector Plan area, "so new residents can enjoy all of its amenities, while reducing their impact on the Upper Rock Creek Watershed."

Others concurred with WRN's concern about an insufficient amount of housing, pointing out that the densities proposed were too low, with no zoning category exceeding a floor-area-ratio (FAR) of 1.5. One property owner suggested that the extent of amenities proposed were not warranted by the modest numbers of homes and businesses anticipated by the plan. Regarding the plan's recommended zoning for Metro's land at the station, Metro staff has pointed out that guidelines for joint development require higher densities than currently proposed.

While smart growth, business and affordable housing advocates asked for more housing, many residents from nearby communities expressed opposition to the amount of development proposed and the recommended building heights of four, six and eight stories.

To view the plan, see: http://www.mcparkandplanning.org/shadygrove/masterplan/shadySD_toc.shtml

Also in Montgomery County:

Twinbrook Metro Station Area Master Plan Update Underway

See: <http://www.mc-mncppc.org/twinbrook/index.shtml>

Bus Rapid Transit Comes to D.C. with the K Street Busway

by Elizabeth Cox

On December 11, D.C. Department of Transportation and WMATA presented the K Street Busway Project, a study to advance a more efficient, reliable, and high capacity bus service through the central core of the District connecting Union Station and Georgetown. The K Street Busway Project is the first transit service in the District to make use of Bus Rapid Transit (BRT). BRT is distinctly different from traditional bus service. It is more similar to light rail in performance and fuel but it uses rubber tired vehicles.

The K Street Busway will connect Union Station and Georgetown with dedicated bus lanes on K Street. Implementation of the K Street Busway will improve east-west connections, reduce travel time and result in an estimated savings of \$1 million per year in transit operating costs. The study will be completed in December 2003 and services will be implemented over the next year, with roadway reconstruction expected to be complete by 2007.

For more information, see: http://ddot.dc.gov/news_room/2003/December/12_02_03pr.shtm

UPCOMING EVENTS

Friday, December 19, 12-2:00 pm. **National Neighborhood Coalition Annual Meeting.** The NNC will launch Neighborhood Voices 2004 initiative. At National Trust for Historic Preservation, 1785 Mass. Ave. NW. RSVP by Dec. 15 to Janice Clark, 202-408-8553 or Janice@neighborhoodcoalition.org.

Monday, December 29, 5pm. **Public Comments on the Dulles Corridor Rapid Transit Project Supplemental Draft Environmental Impact Statement Due.** Comments should reference Docket Number R03-6 and include name, address, telephone number, and organization affiliation. Send to Mr. Karl Rohrer, Project Manager, Virginia Department of Rail and Public Transportation, 1550 Wilson Boulevard, Suite 300, Arlington, VA 22209, or dullescorridor@aol.com. For more, see: <http://www.dullestransit.com>

Thursday, January 8, 12pm. DCEN LUNCHEON on **DC Clean Energy Campaign: A Call to Action.** Join Friends of the Earth, Chesapeake Climate Action Network and the DC Sierra Club as they lead a discussion on how we can all participate in bringing clean energy to DC. Friends of the Earth 1717 Massachusetts Ave., NW. Suite 600.

Wednesday, January 14, 12:30 pm to 1:30 pm. **Katherine Perez, Transportation & Land Use Collaborative of Southern California (TLUC).** Smart Growth Speaker Series. Since 2000 TLUC has worked to ensure balance between growth, economic development and environmental stewardship in the Los Angeles metropolitan area and recently organized a groundbreaking forum on "Latino New Urbanism Synergy Against Sprawl." Learn more about TLUC at www.tluc.net. National Building Museum, 401 F Street N.W, Washington D.C. (Judiciary Square Metro).

Wednesday, January 14, 6-7:30pm. **"Feet First" Caucus** for bicycle, pedestrian and non-motorized transport activists and professionals, at the annual Transportation Research Board conference. Hilton Washington, 1919 Connecticut Ave NW, Washington, D.C. 20036. See: www.americawalks.org or contact: ellenv@americawalks.org

Wednesday, February 11, 12:30pm. **Dan Burden on Streets and Walkable Communities.** Smart Growth Speaker Series. Dan Burden is a nationally recognized authority on streets that work for people -- whether on foot, on bikes, or in motor vehicles. At National Building Museum, 401 F Street N.W, Washington D.C. (Judiciary Square Metro)

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