



D.C. POLICY CENTER

Housing Policy Initiative

D.C. Policy Center Housing Policy Initiative

Research agenda for 2024/2025

Introduction

Housing affordability is a persistent challenge in the District of Columbia due to restrictive land use policies,¹ lack of production through much of the second half of the 20th century,² challenges associated with development, and resistance from residents.³ Historically, people moved to the District for jobs, and left in search of better housing options.⁴ The COVID-19 pandemic changed this: the sudden shift to remote work disrupted the link between where people live and where they work. Commute times became a less pressing consideration,⁵ and the District's population saw a sharp decline in 2021, mostly driven by net domestic outmigration.⁶ While population in D.C. is now growing again, the number of people leaving the city continues to exceed the number of people moving into the city.⁷

¹ Sayin, Yesim (2019). The economic cost of land use regulations. D.C. Policy Center. Available at <https://www.dcpolicycenter.org/publications/economic-cost-land-use/>.

² Sayin, Yesim (2020). "Landscape of rental housing in the District of Columbia," Chapter 2 in Appraising the District's rentals: the role of rental housing in creating affordability and economic inclusion in the District of Columbia. D.C. Policy Center. Available at <https://www.dcpolicycenter.org/publications/appraising-the-districts-rentals-chapter-ii/>

³ Sayin, Yesim (2019). Single-family zoning and neighborhood characteristics in the District of Columbia. D.C. Policy Center. Available at <https://www.dcpolicycenter.org/publications/single-family-zoning-2019/>.

⁴ Sayin, Yesim (2017). Broadening Our Thinking on the District: The Framework for the D.C. Policy Center. D.C. Policy Center. Available at <https://www.dcpolicycenter.org/publications/broadening-thinking-dc-policy-center/>

⁵ Sayin, Yesim (2021). The declining importance of commute times. D.C. Policy Center. Available at <https://www.dcpolicycenter.org/publications/the-declining-importance-of-commute/>.

⁶ Bakshi Kathpalia, Sunaina (2022). A pandemic-induced exodus has broken the District's population boom. D.C. Policy Center. Available at <https://www.dcpolicycenter.org/publications/census-shows-pandemic-exodus-has-broken-dc-population-growth/>.

⁷ Burge, Daniel (2023). The most recent population numbers in three charts. D.C. Policy Center. Available at <https://www.dcpolicycenter.org/publications/population-in-three-charts-2023/>

Effective housing policies are critical to the vibrancy of the local economy, central to individual and household economic advancement, and necessary to cultivate opportunities for residents, workers, and businesses. Public policies that control the housing supply and public investments in amenities and services such as schools, transportation, and infrastructure define a city. Population growth and demographic changes play out through the housing market—housing constraints exacerbate gentrification, economic segregation, and displacement.

To attract and keep residents—including young people, families, and workers—the District must have housing options available at different affordability levels with access to amenities such as transportation and high-quality schools. Research shows that cities with a resilient and flexible housing supply are better equipped to recover from unexpected shocks like riots, floods, and pandemics by accommodating a diverse workforce that supports a diversified economy.⁸

The District must create an environment where it is easier to build housing in all parts of the city, for all types of households, across all income levels. While current housing investments are focused on subsidized housing production and preservation, the city will need to adjust its land use policies, simplify permitting, and modify regulations to enable housing growth.

Why is the D.C. Policy Center’s Housing Policy Initiative work important for the District of Columbia?

The Housing Policy Initiative’s research focuses on the relationship between housing policy and economic opportunity, examining how housing policies shape the city, and how they can be improved to create a more vibrant city. Strong housing production is necessary to attract residents and make the city more economically competitive and fiscally resilient. A growing population contributes to economic growth, but without strong housing production, it will come at the expense of rapidly rising housing costs, economic segregation, and concentrated poverty.

Since its inception, the D.C. Policy Center’s research on housing has created new knowledge on the landscape of availability and affordability of housing in the city, key pressure points, and how the city can alleviate these pressures through better land use policies:

⁸ Amine Ouazad (2021), “Resilient Urban Housing Markets: Shocks vs. Fundamentals.” Chapter in COVID-19: Systemic Risk and Resilience, Springer Verlag, May 29, 2021. Available at <https://www.clevelandfed.org/newsroom-and-events/publications/cfed-district-data-briefs/cfddb-20210301-covid-19-pandemic-urban-exodus-updates>.

- [Taking Stock of the District’s Housing Stock: Capacity, Affordability, and Pressures on Family Housing](#) (2018): This report delved into D.C.’s housing landscape, spotlighting its capacity to accommodate a growing and diverse population. Using a novel approach that combined multiple publicly available data sources, the report revealed a mismatch between available housing units and household sizes, highlighting a surplus of larger units occupied by singles, couples, or seniors, and a shortage of smaller units for small households. Restrictive land-use policies in resource-rich areas amplify economic segregation, gentrification, and the loss of low- to middle-income families. The report suggests that optimizing existing land and encouraging more diverse housing in affluent neighborhoods could alleviate these issues.
- [Appraising the District’s rentals](#) (2020): This report provided a comprehensive picture of the District’s rental housing to evaluate its capacity to create economically inclusive neighborhoods in the District of Columbia.⁹ The Policy Center estimated the number and type of rental units, the buildings that hold them, and the rents that prevail at different types of rentals across the city. It found that the District has too few rental apartments to serve all renter households in the city. For example, the city has nearly 40,000 households who should not be paying more than \$750 per month to keep their rent affordable (defined as less than 30 percent of household income) and over 41,000 renter households who could pay upwards of \$2,700 per month without being burdened. Both groups put pressure on the middle (another 43,000 renter households) in competition for the city’s 124,600 rental apartments. The shadow rental market—defined as the less regulated rentals in single-family homes, condominiums, and such—fills the gap by offering units at a wide variety of sizes and prices.

This report had a particular focus on the rent-controlled stock. It showed that the city’s estimated 73,000 rent-controlled units have lower rents compared to uncontrolled units, but do not always serve lower-income renters. It also provided a [history of rent control in the District of Columbia](#) and [an expansive literature review](#) on the impact of rent control laws on the housing supply and characteristics, rents, and tenants.

- [How D.C.’s Young Families May Shape Public School Enrollment](#) (2018): This report identified housing availability and diversity as a key thread to enrollment growth in the District of Columbia. A follow-up report, [D.C.’s disconnect](#)

⁹ This report was partially funded by the Apartment Office Buildings Association, through a national grant. The report also received financial support from the Urban Capital Impact Fund for the development of a market-based rent-control model called the “Inclusionary Conversions.”

[between enrollment growth and neighborhood change](#) showed that a high degree of choice in the District's public school system has weakened the relationship between housing values and neighborhood school performance.

- In 2018, the Policy Center published [a symposium of articles](#) focusing on the most important public policy tools that could increase affordable housing, reduce housing inequities, and create a more inclusive D.C., and the biggest obstacle to implementing your desired policy, and how can it be overcome. The Policy Center's contribution to this symposium, [Tax practices that amplify racial inequities: Property tax treatment of owner-occupied housing](#), showed that much of the value generated in the city through public and private investments are capitalized in single-family homes located in areas with restrictive zoning.
- The Policy Center also published pieces bringing a historic perspective, including [redlining, white flight, urban renewal, restrictive covenants, blockbusting and efforts for integration, mapping of segregation](#), and the [history of Anacostia's Barry Farm](#).
- Shorter but timely pieces have covered many topics including what [the out-cry about Amazon-induced housing shortages](#) really reveal, the [diversity among neighborhoods](#) with [single-family zoning](#), and [affordable housing downtown](#).

Focus and goals for the next two years of the Housing Policy Initiative

Through 2024 and 2025, the Housing Policy Initiative's research and work products will focus on impediments to housing development and how the District can create more housing, especially in a weakening budget environment.

Specifically, the Center will focus on alternative methods of creating housing affordability, what policies or assets can be leveraged to create affordable housing, and how current programs are serving the city as a whole.

Planned work products

In the next two years, the Housing Policy Initiative will produce research papers, publish policy briefings, and host events on our research products.

- Research reports and policy briefings: The Housing Policy Initiative's research will look at impediments to housing development and impediments to affordable housing. It will produce eight long form reports as well as short research articles that build on past research completed by the Center and create ideas to improve housing policy in the District. The Housing Policy Initiative will explore which parts of the city are affordable to essential workers, which metro areas are most affordable to essential workers, alternative methods of creating subsidized

housing, economic costs of land use regulations, and analyze the effectiveness of housing programs such as TOPA.

- Events: The D.C. Policy Center will host several events based on our policy research. The first event will be on our upcoming proposal to create additional workforce housing via our inclusionary conversions program. Other potential events include briefings on alternative methods of creating subsidized housing in the District, as well as our work about which areas of D.C. and metro areas are most affordable to essential workers.
- Testimony: The D.C. Policy Center will provide written and oral testimony on future introduced legislation and budget hearings. Testimony will include relevant data analysis and link the impacts of housing policy on other policy areas such as economics and housing.

How are we developing this proposal?

The D.C. Policy Center developed this proposal over several months with input from external partners.

In December 2023, the Policy Center put out a survey to our readers who have expressed interest in our housing work, requesting feedback on topics of study. Following the survey, the Policy Center held a meeting with the research advisors of the Housing Policy Initiative to discuss potential research topics and methodologies. To gauge interest, the Policy Center then circulated the proposed research topics with government partners including the D.C. Department of Housing and Community Development (DHCD), the Office of Planning, the Deputy Mayor for Planning and Economic Development (DMPED), and the DC Council’s housing committee and Budget Office.

Proposed research reports

The proposed research agenda for the Housing Policy Initiative is developed around three threads. These include housing for essential workers, government’s role in housing, and market indicators. For each topic, the D.C. Policy Center will produce one long-form report, data visualizations, a one-page infographic, and a dataset.

Thread I – Workforce housing	Thread II – Government’s role in housing	Thread III – Market indicators
Inclusionary conversions whitepaper How can a model of privately funded conversions work? How	Impact of rent control in D.C. What is the total universe of rent control buildings in D.C.? How has rent control impacted housing supply?	Changes in housing demand What has been the effect of changing interest rates, preferences for remote work, and changing

<p>many affordable units could this model produce and at what cost?</p> <p>What areas of D.C. are affordable to essential workers? Comparing rents to wages, where can essential workers in D.C. afford to live?</p> <p>What metro areas are affordable to essential workers? Comparing rents in five metro areas to local wages for essential workers, what areas are most affordable to workers?</p>	<p>Public funding for operating subsidies The HPTF has not been able to meet its housing targets – how could operating subsidies create more additional units?</p> <p>Economic costs of land use What do restrictions on land use contribute to construction costs in D.C?</p> <p>TOPA reform In what kinds of buildings has TOPA been most successful? What would be affected by changes to TOPA?</p>	<p>demographics? What is the change in housing demand since the pandemic began?</p> <p>Changes in rents and vacancy rates in D.C. How have rents and building vacancy rates changed in D.C. and the surrounding region?</p>
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Thread I - Housing for essential workers

Inclusionary conversions housing model

Building on the [D.C. Policy Center’s earlier work](#), this research project will explore privately funded conversions that can create units affordable for essential workers in places close to where they work.

Why is this research important?

State and local governments invest significant public resources into new affordable housing production, but creating new subsidized housing is expensive. For this reason, these projects tend to concentrate in lower-cost, lower-resourced parts of cities, which further contributes to segregation and concentration of poverty. Concentrated, cyclical poverty not only affects individuals and families but is detrimental for the city as a whole. When people lack access to high quality schools, strong employment opportunities, and needed amenities, they are less able to contribute to a strong, vibrant, competitive economy.

In D.C., half the subsidized units built since 2015 are in the city’s two wards with the highest incidence of family poverty.¹⁰ Even in these locations, units can cost close to

¹⁰ Data obtained from [Affordable Housing](#) dataset available at opendata.dc.gov.

\$500,000 to produce,¹¹ and current programs cannot provide deep affordability (at or below 30 percent Family Median Income or FMI) without additional operating subsidies.¹²

Additionally, publicly funded subsidized projects take a long time to build and are resource intensive. Each project must go through extensive legal, accounting, and compliance work, which adds cost and time. Because of this complexity, public funding models need a high-capacity ecosystem of private and nonprofit actors, with financial and legal capacity to comply with government requirements. Project selection must rely on political support at various levels, and, as a result, programs and projects move at the speed of government.

The inclusionary conversions housing model is a way to create affordable housing that is relatively inexpensive, quick, scalable, and aligned with stakeholder interests. As the model is replicable to metro areas other than the District of Columbia, it has the potential to create subsidized housing across the United States. In our conceptual paper explaining our housing model and our financial modeling, we include information on how this would work in five large metro areas in the United States: Austin-Round Rock, TX; Durham-Chapel Hill, NC; Nashville-Davidson-Murfreesboro-Franklin, TN; Raleigh, NC; Washington-Arlington-Alexandria, DC-VA-MD-WV.

Our model focuses on 31 professions of essential workers including teachers, nurses, and service workers. These workers are needed to run core city functions such as schools, health care facilities, police and EMS, as well as restaurants, bars, and hotels. Beyond the contribution of these workers to city functions, they also help create a diversified workforce and thus a stronger city. Proximity to jobs has declined in the last few decades, particularly for low-income and non-white populations. This impacts employment prospects for residents of the District and reduces the city's overall fiscal health.¹³ In addition, studies have found job proximity to be associated with employer's ability to hire workers, lower labor mobility, and reduced economic development for metro areas.¹⁴

Research approach

¹¹ DHCH, Fiscal Year 2022 Housing Production Trust Fund Report published on March 2023. Available at <https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/Draft%20HPTF%20Annual%20Report%20FY22%20v3.pdf>.

¹² Nina Dastur, Michael Anderson, and Mary Brooks (2011). Model approaches to providing homes for extremely low income households. Housing Trust Fund Project, Center for Community Change. Available at <https://housingtrustfundproject.org/wp-content/uploads/2011/10/Models-for-Providing-ELI-Housing-HTFProject1.pdf>

¹³ Kneebone, E., & Holmes, N. (2015, March). *The growing distance between people and jobs in metropolitan regions*. Retrieved from Metropolitan Policy Program at BROOKINGS: https://www.brookings.edu/wp-content/uploads/2016/07/srvy_jobsproximity.pdf

¹⁴ Anthony, J. (2022). Housing Affordability and Economic Growth. *Housing Policy Debate*, 1187-1205.

Inclusionary conversions is a model that converts a portion of existing units in multifamily buildings into affordable units for workers making less than Area Median Income (AMI). Under this model, a nonprofit acts as a broker between landlords, investors (such as corporations or philanthropies, employers looking to find affordable housing for their workers, and even governments), and tenants. This affordable housing model can efficiently and inexpensively create affordable housing units in high-cost areas where government funded affordable housing has been difficult to produce.

This model creates subsidized housing for workers in essential industries such as teaching, nursing, public safety, and service work. We will provide a financial model that explores how much subsidy will be needed for 31 different occupations of essential workers including nurses, nursing assistants, teachers, early childhood educators, food service workers, hotel workers, police, and firefighters. Modeling will be completed for five different metro areas, in addition to D.C.'s eight wards.

In addition to the financial modeling, the Center will publish a conceptual paper to explain how the program would work, provide a sample sublease and program model, and provide some guidance and research on the pertinent legal issues such as Fair Housing Act rules, rent control, and eviction.

What parts of D.C. are affordable for essential workers?

This research project will explore which areas in D.C. are most affordable for essential workers. These workers are crucial for the city's central services to function and contribute to a diversified economy and workforce. Additionally, reduced distances between workers and employment has been shown to produce many benefits including increased employee satisfaction,¹⁵ lower levels of anxiety and stress,¹⁶ reduced employee turnover.¹⁷

Why is this research important?

D.C. housing is expensive compared to most cities in the U.S.,¹⁸ and the supply of low-cost options in the city has been shrinking over time.¹⁹ At the same time, D.C. is facing

¹⁵ Office of National Statistics, U. (2014, February 12). Commuting and Personal Well-being. UK.

¹⁶ Iark, B., Chatterjee, K., Martin, A., & Davis, A. (2019). How commuting affects subjective wellbeing. *Transportation*.

¹⁷ Santelli, Francisco Arturo, and Jason A. Grissom. (2022). A Bad Commute: Does Travel Time to Work Predict Teacher and Leader Turnover and Other Workplace Outcomes?. (EdWorkingPaper: 22-691). Retrieved from Annenberg Institute at Brown University: <https://doi.org/10.26300/dzci-wg46>

¹⁸ Clabaugh, J. (2023, April 3). DC's cost of living is 53% higher than national average, but housing takes the cake. WTOP. <https://wtop.com/business-finance/2023/04/dcs-cost-of-living-is-53-more-than-average-but-housing-takes-the-cake/>

¹⁹ *Low-rent supply is shrinking*. Joint Center for Housing Studies. (2024, January 25). <https://www.jchs.harvard.edu/arh-2024-low-rent-supply-shrinking>

worker shortages in needed professions such as service staff,²⁰ teachers,²¹ and police officers.²² One of the reasons for these worker shortages is that many of these professions receive relatively low wages and are priced out of traditional rental markets in the city.²³ Having access to affordable housing is necessary for workers to stay in their jobs and in the District, and where that housing is located can determine access to employment, transportation, amenities, and determine upward mobility.

Research approach

Analyzing rental data across the District, this report will compare rental data from Costar on multifamily buildings across the city and compare that to salary data for 31 occupations. With this information, we will show which areas of the District are most affordable to essential workers and what percentage of a worker's salary would be needed to rent an apartment in each Ward.

The report will map rents in D.C. across all Wards and compare that to salary data for 31 essential worker occupations. We will also use ACS data to show where essential workers live, either in D.C. or in neighboring states of Maryland and Virginia.

What metro areas are affordable to essential workers?

This research project will explore which metropolitan areas are most affordable for essential workers, and whether these locations have attracted essential workers at higher rates since the beginning of the COVID-19 pandemic.

Why is this research important?

Since the beginning of the pandemic, there has been an exodus of workers from large, high-cost metro areas to smaller, lower cost metro areas.²⁴ Previous D.C. Policy Center research showed that workers in jobs that can be worked remotely have become more sprawled through the pandemic, moving further away from their employers' locations. And service sector workers have followed.²⁵ With the shift to remote work, competition from further away metro areas intensified, especially for high-cost metro areas. This is important for high-cost areas like the Washington D.C. metropolitan region, which has

²⁰ Chapin, A. (2022, December 28). D.C. restaurant experts share their biggest hopes for the industry in 2023. Eater DC. <https://dc.eater.com/2022/12/28/23523491/d-c-restaurant-experts-industry-hopes-2023>

²¹ District of Columbia educator workforce report. Office of the State Superintendent of Education. (2022, May). https://osse.dc.gov/sites/default/files/dc/sites/osse/page_content/attachments/2022%20DC%20Educator%20Workforce%20Report_FINAL.pdf

²² Hermann, P. (2023, April 18). D.C. police staffing reaches half-century low, as homicides rise. Washington Post. <https://www.washingtonpost.com/dc-md-va/2023/04/15/dc-police-staffing-crime/>

²³ *Low-rent supply is shrinking*. Joint Center for Housing Studies. (2024, January 25). <https://www.jchs.harvard.edu/arh-2024-low-rent-supply-shrinking>

²⁴ Withaker, Stephan D. (2021). Did the COVID-19 Pandemic Cause an Urban Exodus? Federal Reserve Bank of Cleveland Data Brief. Available at <https://www.clevelandfed.org/publications/cleveland-fed-district-data-brief/2021/cfddb-20210205-did-the-covid-19-pandemic-cause-an-urban-exodus>

²⁵ McConnell, Bailey & Yesim Sayin (2023). Worker sprawl in the Washington metropolitan area: Is D.C. still the region's job hub? D.C. Policy Center. Available at <https://www.dcpolicycenter.org/publications/worker-sprawl/>

struggled attracting essential workers. This project will explore the links between migration, housing affordability, and workforce diversity.

Research approach

This paper will identify the metro areas with the largest in- and out-migration using U.S. Census data and previous research that used credit card data to track migration patterns.²⁶ This paper will identify metro areas with similar characteristics to the District and then use rental data from CoStar and salary data for 31 occupations to determine which metro areas are most affordable to essential workers.

Data sources

Data (2022/2023)	Variables of interest	Source
The American Community Survey (ACS)	Occupations, place of work, household type and family size, income	Publicly available from the Census Bureau
CoStar	Rental housing characteristics in selected metro areas	Purchased by the D.C. Policy Center
Bureau of Labor Statistics (BLS); Occupational Employment and Wage Statistics (OEWS)	Occupation and wage data	Publicly available on the BLS website
U.S. Department of Housing and Urban Development (HUD)	FY 2023 family median income limits for 30, 50 and 80 percent	Publicly available on the HUD website
BLS Local Area Employment Statistics	State and Metro Area Employment, Hours, & Earnings	Publicly available on the BLS website
Data from Withaker (2021)	Metro area in and out-migration trends	Publicly available from the Federal Reserve Bank of Cleveland
Metropolitan and Micropolitan Statistical Areas Population Totals	Components of population change	Publicly available from the Census Bureau

²⁶ Withaker (2021)

Thread II – Government’s role in housing

What is the impact of rent control in D.C.?

Housing affordability attracts new residents and allows current residents to stay in the District. Understanding how rent control impacts prices and supply is thus very important to the economic outlook of the city. The research project will take stock of the District’s rental housing market to examine how the District’s rent control laws are helping—or hindering—housing affordability, especially across smaller housing providers with fewer than 20 units that are subject to rent control. This study will provide a more comprehensive picture of rent control in the District as previous work has only been able to capture large buildings.

This study is commissioned by the D.C. Association of Realtors (DCAR) and will be completed in conjunction with Howard University.

Why is this research important?

The District’s rent control laws limit rent increases for units in buildings built before 1975. The law applies to landlords who own more than four units, even when these units are in disparate buildings. Previous work by the D.C. Policy Center has explored the landscape of rent-controlled apartment buildings. This report found that there are an estimated 72,878 units in 2,157 buildings in D.C. subject to rent-control laws, representing approximately 57 percent of the rental housing stock.²⁷

However, due to data limitations, the Policy Center’s previous work excluded smaller landlords. This report will use novel data matching approaches to examine the landscape of smaller landlords subject to rent control, and how this stock contributes to affordability and inclusion in the District of Columbia.

Research approach

The proposed study will take stock of the District’s rental housing market to identify how the District’s rent control laws are helping—or hindering—housing affordability. The key research questions the study will address are: How many rent-controlled units are there in the District, and in what kind of buildings? What is the history of rent control laws in the District, and how do current restrictions work? What has been the impact of rent control policies on the available housing stock in the District and on rental prices? Importantly the study will expand upon our previous research, updating the D.C. Policy Center’s dataset by matching owner addresses to identify smaller landlords.

Data

²⁷ Part III: How would Bill 23-873 impact the rent-controlled stock? D.C. Policy Center. (2021, December 10). <https://www.dcpolicycenter.org/publications/Part-3-reclaim-rent-control-proposal/>

Data (2023 or most recent year available)	Variables of interest	Source
Real Property Tax Database , 2006 through 2024	Location of units, characteristics, and number of units	Office of Tax and Revenue, D.C. Policy Center Data Archives
Housing Database developed by the D.C. Policy Center	Location of units, characteristics, and number of units	D.C. Policy Center Data Archives
CAMA data	Housing characteristics	Publicly available at opendata.dc.gov
Affordable housing database , including TOPA projects	Number of units and location	Publicly available at opendata.dc.gov
Section 8 housing data	Number of units and location	Publicly available at HUD
Public housing data	Number of units and location	DC Housing Authority, Real Property Tax Database, and opendata.dc.gov
Costar	Building characteristics, units, and rents	Purchased by the D.C. Policy Center
Certificate of Occupancy Reports	Owner and tenant occupied units	Publicly available at opendata.dc.gov
Database constructed by Howard University	Housing units in D.C. including both large buildings and smaller landlords	Constructed by Howard University from CoStar data and tax data

Public funding for operating subsidies

Despite requirements to build low income housing, developers are often unable to build housing at the lower end of the income spectrum due to lack of operating subsidies. This research will explore alternative funding strategies that maximize the use of public housing subsidies to create affordability at or below 30 percent of AMI. Specifically, this report will explore how much housing could be built if current affordability requirements

were relaxed, meaning that projects would require less capital subsidies, while using operating subsidies to achieve desired affordability levels.

Why is this research important?

D.C. has placed significant public funding in the Housing Production Trust Fund (HPTF), the main method of producing affordable housing in the District. However, the HPTF has been unable to meet requirements that 50 percent of funding go toward units that are affordable at under 30 percent AMI and another 40 percent of funds go toward units available at under 50 AMI.²⁸ In 2022, 19 percent of HPTF expenditures served households earning less than 30 percent AMI. In the past 8 years, an average of 27 percent of HPTF expenditures served these households.²⁹

The primary reason for not meeting the required investments in this extremely low-income housing segment is that capital side interventions are not sufficient to sustain these projects. At 30 percent of Area Median Income, for example, for a household of 3, housing providers would not be able to charge a rent that is greater than \$960.³⁰ This level of rent is not sufficient to cover operating expenditures without additional operating subsidies.³¹ Reallocating existing subsidies across capital and operating subsidies will be necessary to expand availability of housing at this income level.

Research approach:

This research will explore the number of housing units that could be created if capital affordability requirements for the Housing Production Trust Fund were relaxed. The underlying hypothesis is that at higher allowable AMI levels (for example 80 percent) projects would not need deep capital subsidies because of higher rents that can create more favorable financing options. For a given level of production, relaxed AMI limits could be significantly cheaper, freeing funding that can then be used to reduce rents to lower AMI levels.

The report will compare proformas to identify the potential size of capital subsidy reductions. It will also explore models under rent-side interventions can be institutionalized.

²⁸ Flynn, M. (2023, April 3). *D.C.'s Housing Production Trust Fund fell short of its requirement to aid low-income renters*. Washington Post. <https://www.washingtonpost.com/dc-md-va/2023/04/03/dc-affordable-housing-report-browser/>

²⁹ Eliana Golding, "Groundbreaking Investments in Affordable Housing Should Come with Increased Transparency and Oversight," DC Fiscal Policy Institute, April 26, 2022. <https://www.dcfpi.org/all/groundbreaking-investments-in-affordable-housing-should-come-with-increased-transparency-and-oversight/>

³⁰ The guidelines for 2023 show that household income at 30 percent of AMI for a household of 3 is \$38,400, which is the equivalent of a monthly income of \$3,200. The maximum rent is calculated by multiplying this number by 30 percent to estimate the maximum rent that would not burden a household.

³¹ McAnaney, P. (2024, January 25). Why affordable housing can't pay for itself. Greater Greater Washington. <https://ggwash.org/view/92306/why-affordable-housing-cant-pay-for-itself>

Data

Data (2023 or most recent year available)	Variables of interest	Source
Housing Production Trust Fund data	The amount of money spent from the HPTF, the number of loans and grants made, and the number of low-income, very low-income, and extremely low-income households and individuals assisted through HPTF expenditures.	Publicly available from DHCD yearly reports
The American Community Survey (ACS)	Household type and family size, income	Publicly available from the Census Bureau
CoStar	Number of units, size of units, and rents in D.C. to determine subsidies needed	Purchased by the D.C. Policy Center
Proforma for operating subsidies in D.C.	Subsidies needed for operation	Author calculations or estimates provided by developers

Economic cost of land use

This research product will implement a survey of housing developers in the Washington metropolitan area to identify the key regulatory impediments to housing production in D.C. and how these compare to other jurisdictions in which developers operate.

Why is this research important?

Land use regulations such as zoning ordinances and construction codes can significantly impact housing affordability by influencing the availability³² and cost of developable land.³³ In 2019, the D.C. Policy Center published an article on the [economic costs of](#)

³² The majority of housing built has been on a mere 5% of the total available land.

Brooks, L., & Schuetz, J. (2023, September 18). Where 20 years of new housing was built in Washington, DC-and where it wasn't. Brookings. <https://www.brookings.edu/articles/where-20-years-of-new-housing-was-built-in-washington-dc-and-where-it-wasnt/>

³³ Albouy, D., & Ehrlich, G. (2012, May 25). Housing productivity and the social cost of land-use restrictions. NBER. <https://www.nber.org/papers/w18110>

[land use regulations](#). The article outlines types of land use regulations in D.C. as well as changes to assessed values and racial and economic segregation. However, little is known still about how much these land use regulations have contributed to housing costs in D.C.

Understanding the costs associated with land use restrictions can allow policymakers to evaluate the effects of these restrictions on housing production and affordability and explore potential policy interventions to address affordability challenges. This is particularly important as an increasing number of regulations related to land use pursue multiple goals that such as environmental benefits, subsidized affordability, or historic preservation, which collectively work against affordability goals.³⁴ However, estimating the economic costs of land use restrictions are tremendously difficult given the confounding impacts of demand and supply side factors.³⁵

Research approach

This study will begin with mapping zoning regulations across the Washington metropolitan areas using the Zoning Atlas that is being developed by partner organizations. It will also implement a survey among region’s developers to gauge the regulatory areas that create the highest burdens. The survey will explore areas of zoning and zoning changes, permitting, and other regulatory requirements in the construction code. The survey will be distributed through partner membership organizations and will inquire about specific projects. The results will be matched with the local zoning and regulatory ordinances.

Data

Data (2023 or most recent year available)	Variables of interest	Source
D.C. zoning data	D.C. zoning codes in D.C.	Publicly available from opendata.dc.gov
Zoning Atlas	Zoning regulations for D.C., Virginia, and Maryland	Publicly available at https://www.zoningatlas.org/atlas
Integrated Tax System Public Extract	Assessed values in D.C.	Publicly available from opendata.dc.gov

³⁴ Ikeda, S., & Hamilton, E. (2015, November 4). How land-use regulation undermines affordable housing. Mercatus Center. <https://www.mercatus.org/students/research/research-papers/how-land-use-regulation-undermines-affordable-housing>

³⁵ Similar research can be found here: Quigley, J. M, Raphael, S., & Rosenthal, L. A. (2008). Measuring Land-Use Regulations and Their Effects in the Housing Market. *UC Berkeley: Berkeley Program on Housing and Urban Policy*. Retrieved from <https://escholarship.org/uc/item/07t5d0q4>

CAMA data	Housing characteristics	Publicly available at opendata.dc.gov
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TOPA reform

This research will identify reforms to the District’s Tenant Opportunity to Purchase Act (TOPA) that can preserve the power of TOPA while increasing the District’s attractiveness to capital investors. Little is known today about the rate at which tenant associations have successfully purchased buildings and negotiated repairs, as well as information on the types of buildings and areas in which tenants have successfully negotiated agreements. In order to implement policy that is effective in creating a strong, vibrant, competitive economy, we need to know what is effective, for whom, and under which conditions.

Why is this research important?

TOPA gives tenants in a rental apartment building the first right to refuse if their landlord intends to sell the building to a third party. TOPA has been credited in D.C. with increasing housing security for tenants and mitigating effects of gentrification.³⁶ However, it also slows down sales of buildings and can result in large buyouts to tenants.³⁷ Often, this has been associated with reduced interest from the capital markets in new projects, as TOPA is seen as a risk to investors.

The Coalition for Nonprofit Housing and Economic Development recently released a report on their findings looking over 40 years of TOPA data, case studies in the District, and recommendations on how to strengthen the program. However, even with this wealth of information, little is known about the number of tenant associations that were not successful, the rate at which tenant associations have been able to purchase buildings, and specific information about what kinds of buildings and areas have been most successful in executing agreements.

Research approach

This paper will look at data on TOPA purchases, tenant associations, and building data to examine the types of buildings that have most successfully been sold to tenants under TOPA laws.

Data

³⁶ The history of TOPA is complex and outcomes mixed. See, for example, Gallaher, Caroline (2016). *The politics of staying put: Condo conversion and the tenant right-to-buy in D.C.* Temple University Press.

³⁷ Comprehensive analysis of DC’s tenant opportunity to purchase act (TOPA). CNHED. (2023, November 15). <https://cnhed.org/news/cnhed-releases-comprehensive-analysis-of-dcs-tenant-opportunity-to-purchase-act-topa/>

Data (2023 or most recent year available)	Variables of interest	Source
TOPA data	Number of TOPA attempts, characteristics of successful purchases	Department of Housing and Community Development
Active tenant associations	Number of associations over time, details of associations	Publicly available from the Office of the Tenant Advocate
Weekly Report on Tenant Opportunity to Purchase Act (TOPA) Filings	Number of filings, details of filings	Publicly available from DHCD
Costar	Building characteristics, units, and rents	Purchased by the D.C. Policy Center
Real Property Tax Database , 2006 through 2019	Location of units, characteristics, and number of units	Office of Tax and Revenue, D.C. Policy Center Data Archives

Thread III – Market indicators

Remote work and housing demand

This research product will analyze changes to housing demand in the D.C. metro area since 2020. Housing demand is an important indicator of the city’s overall economic health and desirability of the city.

Why is this research important?

Housing demand has undergone significant shifts since 2020 due to factors including the COVID-19 pandemic, demographic changes, economic conditions, and government policies.

First, there is increased demand for suburban and rural areas. The pandemic prompted many individuals and families to reassess their housing preferences, leading to a surge in demand for suburban and rural properties. This shift was largely driven by a desire for more space, lower population density, and the ability to work remotely. Since the

start of the pandemic, suburban and rural areas experienced notable increases in home sales and prices compared to urban areas.³⁸

Second, the widespread adoption of remote work arrangements has allowed individuals to reconsider their living locations, leading to increased demand for homes with home office spaces and better internet connectivity. Housing markets with a higher share of remote-friendly jobs experienced stronger price growth than areas with few remote jobs.³⁹

Third, despite the pandemic's economic impact, low mortgage rates and favorable housing affordability conditions have motivated many to enter the housing market. The surge in housing demand has exacerbated existing supply constraints, leading to inventory shortages and intense competition among buyers. Limited housing inventory contributed to rapid price appreciation in many markets, making it challenging for first-time buyers to enter the market.⁴⁰

These trends reflect a complex interplay of economic, social, and policy factors shaping housing demand since 2020. Understanding these trends and the current demand for housing in the District will inform housing policy in the District including how much housing would need to be built to satisfy demand and what kinds of policies will support strong housing growth in the future.

Research approach

This paper would analyze changes to housing demand in the D.C. metro area since 2020. This includes analyzing trends about home purchases and assessed values for single family homes and condominiums, permits for new housing units, vacancy rates and rental prices for rental apartment units, and household formation data.

Data

Data (2023 or most recent year available)	Variables of interest	Source
Costar	Vacancy rates, location, units, and rents	Purchased by the D.C. Policy Center

³⁸ <https://www.nar.realtor/blogs/economists-outlook/more-homebuyers-purchasing-property-in-the-suburbs-small-towns-or-rural-areas>

https://www.nber.org/system/files/working_papers/w30041/w30041.pdf?mc_cid=87240e5c77&mc_eid=UNIQID

³⁹ <https://www.redfin.com/news/moving-return-to-office-survey-2023/>

⁴⁰ <https://www.nar.realtor/newsroom/nar-chief-economist-lawrence-yun-forecasts-existing-home-sales-will-rise-by-15-percent-next-year>

Real Property Tax Database , 2006 through 2019	Location of units, assessed values, characteristics, and number of units	Office of Tax and Revenue, D.C. Policy Center Data Archives
Building permits	Location of units, amount of new construction, location of units	Publicly available from opendata.dc.gov
The American Community Survey (ACS)	Household formation, age, and family size	Publicly available from the Census Bureau
Integrated Tax System Public Extract	Assessed values in D.C.	Publicly available from opendata.dc.gov
Zillow	Home values, sales, listings	Publicly available at zillow.com/research/data/

Shorter publications

In addition to the aforementioned publications, the Housing Policy Initiative will publish timely shorter pieces. These shorter publications may include the following topics:

1. Changes in rents in D.C. and surrounding jurisdictions. [Rents in the exurbs of the region have been increasing faster](#) than in the District itself. The Center will use CoStar data to continue to analyze vacancy rates and rents in D.C. and the surrounding region.
2. Naturally occurring affordable housing. Where has housing in the area remained affordable and what preservation efforts have been successful?
3. Housing costs/ownership and in-boundary participation. Following up on our previous study, [D.C.'s disconnect between enrollment growth and neighborhood change](#), this paper will examine the relationship between homeownership rates and property values and in-boundary participation rates by D.C. neighborhood.
4. Neighborhood change in relation to housing use. Using HUD's [USPS Vacant Address Data](#), we will track neighborhood change at the census tract level, giving us the ability to show demographic change in relation to housing use. For example, we can track college education levels, owner occupied housing, and tenant-based voucher use by neighborhood.

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