

A CITY THAT WORKS



**D.C. POLICY
CENTER**

The District of Columbia is entering a governing period that differs in important ways from the one that shaped much of the past two decades. For many years, strong population growth, rising employment, and steadily expanding revenues made it possible to address problems incrementally. That environment has now changed. Population growth has nearly stalled, employment gains have reversed, and inflation-adjusted revenues have flattened, even as operating costs continue to rise.

Even with the benefit of a strong financial management including balanced budgets, independent financial oversight, and disciplined reserve policies, as growth slows, pressures that were once manageable become structural. Rising costs, slower investment, and weaker private-sector activity place increasing strain on both affordability and the tax base that supports the social safety net. These tensions will shape budget decisions, election debates, and legislative choices regardless of who holds office, raising the stakes for policy decisions and leaving a smaller margin for error.

D.C.'S GROWTH HAS STALLED

Average annual growth

<i>Indicator</i>	2010 to 2019	2020 to 2025
RESIDENT POPULATION	+ 1.5%	+ 0.1%
TOTAL EMPLOYMENT	+ 9,500	- 1,000
TAX REVENUE (ADJUSTED FOR INFLATION)	+ 3.9%	- 0.1%
OPERATING EXPENDITURES	+ 3.3%	+ 0.8%

Source: Resident population from U.S Census population estimates Vintage 2025.

Total employment from Bureau of Labor Statistics (BLS), December 2025.

Revenue includes taxes, non-tax revenue, and transfers from the lottery. Revenue data from OCFO are actuals for 2010, 2019, and 2020, and the approved budget for 2026. Amounts adjusted for CPI estimated by the BLS.

General fund operating expenditures excluding transfers, PAYGO, and repayment of reserves. Expenditure data from OCFO are actuals for 2010, 2019, and 2020, and the approved budget for 2026. Amounts adjusted for CPI estimated by the BLS.

THREE CORE PROBLEMS THE DISTRICT CAN NO LONGER IGNORE

1

The city is not producing enough to sustain affordability and opportunity.

Housing supply remains constrained, business formation has slowed, and barriers to entry in multiple sectors keep prices high. When production lags, the city relies more heavily on subsidies to protect residents, but subsidies alone cannot keep costs from rising.

2

Government systems are not consistently delivering results.

Regulatory uncertainty and slow, confusing processes in basic regulatory functions are causing delays and increasing costs in an unpredictable way.

3

D.C. is experiencing slower economic growth and rising fiscal obligations.

The District's financial management remains strong, but slower growth, rising structural spending, and increasing reliance on subsidies make long-term stability harder to sustain. Budget discipline cannot substitute for an economy that is growing and generating opportunity.

POLICY RECOMMENDATIONS

RESTORE THE CITY'S ABILITY TO PRODUCE HOUSING, JOBS, AND SERVICES

- Pair subsidies with supply expansion policies.
- Assess the cumulative impact of regulations on housing and service delivery.
- Expand by-right housing in high-opportunity areas.
- Create a single point of accountability for major projects.
- Make timelines predictable and binding for core approvals.

RECONNECT BUDGETS WITH ECONOMIC REALITY.

- Require long-term economic and fiscal analysis for major policy proposals.
- Match ongoing spending commitments with sustainable revenue sources.
- Improve coordination between economic policy and financial oversight.
- Review existing programs in light of current economic conditions.

SHIFT GOVERNMENT FROM MANAGING SCARCITY TO ENABLING PRODUCTION

- Establish an executive-level office focused on implementation and problem-solving
- Hold agency leadership accountable for service delivery outcomes
- Consolidate housing policy, development, and financing functions under a single economic development umbrella
- Make performance visible and consequential.
- Require implementation plans for major legislation.

USE PUBLIC POLICY TO REDUCE LONG-TERM COSTS.

- Prioritize investments that lower the cost of living over time.
- Protect deep assistance for households with the greatest need.
- Regularly evaluate major subsidy programs for long-term sustainability.
- Lower barriers for providers to enter and expand.

TREAT GROWTH AND EXECUTION AS CORE POLICY RESPONSIBILITIES.

- Make growth an explicit objective of policy.
- Treat reliable government as affordability policy.
- Evaluate rules based on whether they enable production.
- Strengthen predictability and trust in public decisions.