Public Roundtable on

B26-0597 – Housing Production Omnibus Amendment Act of 2026

Committee on Housing, Chairperson Robert White

Monday, October 19, 2026 – Written Testimony for the Record

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Chairperson White and members of the Committee, thank you for the opportunity to submit testimony for the record on the Committee Print of the Housing Production Omnibus Amendment Act of 2026.[1] My name is Emilia Calma and I am the Director of the Wilkes Initiative for Housing Policy at the D.C. Policy Center, an independent nonpartisan think tank advancing policies for a strong, vibrant and compelling District of Columbia.

In March, the D.C. Policy Center offered 11 recommendations on the introduced bill.[2] Each recommendation aims to help the District deliver more subsidized affordable units, in more neighborhoods, at a lower cost per unit. But several of the provisions we flagged in March remain unchanged in the committee print, and some have made it more difficult to achieve those goals.

The new reporting requirements are an improvement

I want to start by commending the Committee. The Print adopts two of our March recommendations almost in full.

Full-cost reporting (Sec. 107(c)). The introduced bill asked only about developer, bond, and consultant fees. The Print extends the CFO's report to construction and labor costs, regulatory and compliance costs, and financing and carrying costs caused by District administrative delays.[3] These are the costs that determine if a project is financially viable. For the first time, the District will be able to see which policies and processes increase the price of an affordable unit.

Project-level transparency (Sec. 117). The expanded database now covers every application and reports for each funded project:[4]

- Per-unit capital subsidy and per-unit operating subsidy

[1] Committee on Housing, Committee Print of B26-0597, the Housing Production Omnibus Amendment Act of 2026, October 7, 2026. Section references in this testimony follow that print.
[2] Calma, E., "To create housing affordability, D.C. needs more than subsidies," testimony before the Committee on Housing on B26-0597, March 30, 2026. https://www.dcpolicycenter.org/publications/housing-affordability-omnibus-2026/
[3] This change aligns with our 11th recommendation. Calma, March 30, 2026 testimony.
[4] This change aligns with our 6th recommendation Calma, March 30, 2026 testimony.

- Total development cost and the mix of debt, equity, and subsidy
- Location, including ward and transit access
- Elapsed time from application to award, closing, completion, and lease-up
- Tenant retention and relocation outcomes

This is the information policymakers need to compare projects on a common footing. The Policy Center recommends two additions would make these provisions more useful:

1. **Report portfolio-level results, not just project rows.** Each year, the Mayor should publish the total units funded, the average subsidy per unit by tier and program, and the distribution of units across wards. A database of individual projects does not, on its own, show whether the Fund as a whole is improving.
2. **Connect the data to decisions.** The Fund's scoring weights should be reviewed against results at least every two years. If the weights do not reward projects that deliver more units, at lower cost, in more places, they should be revised.

While this data collection is a helpful step in the right direction, the bill as drafted still has many areas of concern and requires much more substantive revision to deliver the most units, in more neighborhoods, at the lowest cost per unit.

The five-program structure still divides a single pool of money, restricting use in ways that may limit unit delivery (Secs. 104–106)

The Print removes the $150 million authorization, the 60 percent floor for production and subsidy, and the 5 percent minimum for each account. It also limits Council review to transfers that leave the Fund entirely. These changes are welcome. However, the underlying program design is unchanged.

The Fund is still divided into five programs: production, operating subsidy, preservation, tenant purchase, and District acquisition. Each comes with its own purpose, scoring criteria, and annual apportionment. When the Fund is large, separate programs are manageable. When it is constrained, as it is now and is likely to remain, five programs

mean five smaller pots. Each pot may be too small to close a single large project in a given year.

Separate programs also change what the Fund rewards. Preemptively apportioning these limited funds by program may reduce output and result in less cost-efficient uses. A preservation deal and a new construction deal that would produce the same number of units at the same income level should compete on equal terms. Under this structure, they may never meet.

The Policy Center recommends that the Committee:

1. Treat the five purposes as eligible uses of one Fund, not as separate programs with their own apportionments.
2. Have all applications compete on the same core measures: units delivered, subsidy per unit, depth of affordability, and location.
3. Keep the program categories for reporting, so the Council and the public can see how much funding went to each purpose each year.

This approach keeps the transparency the Committee wants. It also lets money follow results rather than accounting categories.

Deep affordability should be delivered through operating subsidy, not capital mandates (Secs. 103(e), 121, 122)

The October 7 Print added two requirements: at least 50 percent of units in new projects must serve Tier 1 households (up to 30 percent AMI and permanent supportive housing), and at least 40 percent must serve Tier 2 (30 to 50 percent AMI).[5] That leaves at most 10 percent for households earning up to 80 percent AMI. If these requirements remain in the current bill, they repeat the approach that presently keeps the Trust Fund from meeting its goals.

[5] Committee Print, Sec. 103(e)(17)–(18). Each floor may be waived only by Council resolution, which is deemed disapproved if the Council does not act within 30 days.

Deep affordability requires operating subsidy in addition to capital funds. A unit rented at 30 percent of area median income (AMI) does not collect enough rent to cover its operating costs.[6] A one-time capital subsidy, however large, does not change that. The bill measures progress in units rather than dollars and applies them across all projects rather than to each one. Both choices are improvements, but neither solves the issue that without guaranteed operating support, these requirements will either be waived each year or reduce the number of projects that can close.

The Print's scoring change in Sec. 121(d) points the same way. It now gives the greatest weight to Tier 1 units, then Tier 2, then Tier 3, and drops the priority for attracting new firms and investors. Rewarding affordability level alone, without regard to cost per unit or total units delivered, will favor fewer, more expensive projects.

The Policy Center recommends that the Committee:

1. Target production capital at roughly 60 percent of AMI, using income averaging, so that more projects pencil.
2. Reach Tier 1 and Tier 2 households by pairing operating subsidies with capital-funded units. Deep affordability then becomes a funded commitment rather than an unfunded mandate.
3. Replace fixed unit requirements with reported targets. The Mayor would set targets in the annual budget and report progress against them in the database the bill creates.
4. Add cost per unit and total units delivered to the scoring weights in Sec. 121(d), alongside depth of affordability.
5. Allow the Subsidy Program to fund Inclusionary Conversions (also called Cash 2 Covenant). These rent buydowns on existing market-rate units can place

[6] The extremely low-income limit for a household of 2 people in D.C. was $36,200 in 2023. The rental income allowed to make this unit affordable (30 percent of income) is $12,066 per year, or about $1,000 per month. This monthly payment is not enough to pay for operating expenditures of a typical multifamily building, which is estimated at $12,500 to $17,500 per unit in the District (National Apartment Association, 2021).

affordable units in more neighborhoods at a fraction of the cost of new construction.[7] The bill already allows the Subsidy Program to fund new covenants on existing units (Sec. 122(a)(2)). We recommend naming this tool explicitly and scoring it on the same cost-per-unit basis.

On the uncovenanted production units in Sec. 121(b), we appreciate that the markup dropped the voucher-marketing condition. The remaining layers still risk making these units hard to finance. They include an initial rent capped at the lower of two federal and local benchmarks, rent stabilization on all future increases, and a commitment to enter future covenants. These requirements will significantly limit what projects will be able to use the fund, limiting production. We would welcome the chance to work with Committee staff on terms that lenders and investors will underwrite.

Stabilization needs clear terms and a path to fixing what causes distress (Sec. 108)

The bill now defines “preservation” separately from “stabilization.” This helps keep stabilization awards from being counted as preservation. Otherwise, Sec. 108 is largely unchanged since March. The questions we raised then remain open.

- **No defined trigger.** Awards are allowed in “periods of severe market distress,” but the bill does not say what criteria determines "severe market distress” or who makes that determination.
- **An undefined public stake.** A grant or a forgiven loan requires a “reasonable equity stake” for the District with no definition of form, size, priority, or how it is repaid. Lenders and investors cannot price a claim they cannot read. Projects with conventional financing may simply not be able to apply for grants.
- **A new covenant with no financing analysis.** The new Sec. 108(e) requires a fresh 40-year affordability covenant at the property’s current income levels. A longer covenant may be reasonable in exchange for public money. But the Committee

[7] D.C. Policy Center, “Appraising the District’s rentals – Inclusionary Conversions,” 2020. https://www.dcpolicycenter.org/publications/appraising-districts-rentals-chapter-v/

should first understand how lenders will treat it, since stabilization only works if existing lenders stay in the deal.

- **No end point.** Stabilization funds buy time. They do not change the conditions that produce distress, so the same properties will return for help.

The Policy Center recommends that the Committee:

1. Define the market conditions that allow stabilization awards and require the Mayor to certify them in the Sec. 108(b) resolution.
2. Specify the District's stake: for example, a capped share of proceeds when the property is sold or refinanced, subordinate to senior debt, with no management rights.
3. Pair this section with policy changes, in this bill or companion legislation, that address the underlying conditions that are driving the distress. Otherwise stabilization becomes a recurring draw on money meant for production and preservation.

Preservation funds should go to the most affordable units, not the most familiar transaction type (Sec. 123(b))

Sec. 123(b) still gives extra scoring weight to preservation applications that previously received Tenant Purchase Support funds. In practice, a building that has already received public money to complete a TOPA purchase moves ahead of other buildings when it seeks money for repairs or refinancing.

Tenant purchases are rare, and the Tenant Purchase Support Program already funds them directly.[8] Tenant stability does not require a tenant purchase. Many of the households who would benefit most from preservation live in buildings that will never go through a TOPA sale. The Policy Center recommends replacing this preference with the same measures used elsewhere in the Fund:

[8] Calma, E. and Sayin, Y., "TOPA's Promise and Pitfalls: Balancing tenant rights, affordability, and housing investment in Washington, D.C.," March 2025. https://www.dcpolicycenter.org/publications/topas-promise-and-pitfalls-in-dc/

- Affordable units preserved
- Subsidy per unit
- Whether the building is in a neighborhood where little affordable housing has been preserved or produced

The Committee should also make explicit that preservation funds serve households at or below 80 percent of AMI, regardless of whether a TOPA transaction is involved.

The bonding provisions still need a clear purpose (Secs. 111 and 204)

The bill creates two new borrowing tools: general bond authority for the Fund (Sec. 111) and a taxable-bond-funded District Construction Loan Fund at the Housing Finance Agency (Sec. 204).

It is unclear why this bonding provision is needed given the existing capital available from the D.C. Housing Finance Agency. Before these sections advance, the Council should address:

- What does each tool do that the Housing Finance Agency's existing bond programs cannot?
- How would these tools affect the District's overall debt capacity?
- Who carries the risk if permanent financing falls through?

The Committee should remove these sections or require a report answering the above questions before any bonds are issued.

The District should not add purchase rights to new buildings or foreclosures (Sec. 205)

The Policy Center opposes both expansions of the District Opportunity to Purchase in Sec. 205.

New buildings (Sec. 205(a)). The Council enacted the 15-year TOPA exemption less than a year ago.[9] Its purpose was to give investors in newly built and newly converted housing a predictable sale process. To a buyer or a lender, a purchase right held by the District carries the same timing and execution risk as one held by tenants. Reintroducing that right on exactly the buildings the Council chose to exempt undoes the certainty the exemption was meant to create, before the market has had a chance to respond to it.

It is also a poor use of scarce public money. Buildings completed in the last 15 years are among the District's newest and most expensive. A dollar spent buying one of them preserves far fewer affordable units than the same dollar spent on an older building with naturally lower rents. These buildings are also a small share of the transactions the right would reach: just 4.5 percent of the TOPA-applicable transactions we identified between 2012 and 2023 involved buildings built since 2007.[10]

Foreclosures (Sec. 205(b)). Requiring a District purchase opportunity before a foreclosure sale can proceed would change the basic terms of multifamily lending in the District. A lender's ability to enforce its loan is what makes the loan possible in the first place. If that remedy becomes subject to a District purchase process of uncertain length, lenders will respond the way markets respond to added risk: higher rates, lower loan amounts, or fewer loans. That cost falls on every rental building that borrows, not just the few that fail.

The timing matters. Multifamily credit in the District is already tight. A rule that makes lenders less confident they can recover in a default will reduce the capital available to the very buildings the bill is trying to protect. When the District wants to acquire a distressed property, it can negotiate with the owner or lender directly, and the Print's new District Acquisition Program gives it a source of funds to do so.

The Policy Center asks the Committee to strike Sec. 205(a) and Sec. 205(b).

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[9] Rebalancing Expectations for Neighbors, Tenants, and Landlords (RENTAL) Act of 2025, D.C. Law 26-80, effective December 31, 2025; D.C. Official Code § 42-3404.02b(b)(20).

[10] TOPA's Promise and Pitfalls. Of the 419 TOPA-applicable transactions identified between 2012 and 2023, 19 were in buildings built since 2007.

Members of the Board should be chosen for expertise, not tax status (Sec. 116(b))

The Policy Center opposes the new cap on Board members with financial ties to for-profit housing development. A developer's tax status does not measure whether it delivers affordable units on time and on budget. The criteria the bill collects—cost per unit, time to close, compliance, and property conditions—demonstrate that. Most affordable housing deals in the District involve for-profit lenders, investors, contractors, and co-developers. A cap written this broadly would disqualify much of the expertise the Board needs to understand underwriting and market conditions.

If conflicts of interest are the primary concern, they are better handled directly. The Committee could instead require:

- Annual disclosure of each member's financial interests
- Recusal from any discussion of a project in which a member or their organization has an interest
- Publication of recusals in the Board's minutes

This protects the integrity of the Board's advice without narrowing who can give it.

Financing reform needs production reform alongside it

Sec. 125(c) still requires District-acquired land to be rezoned to the upper end of its Future Land Use Map designation. That is the right instinct, but it applies to a small number of parcels. If more density is the right answer for land the District owns, it is the right answer for the many privately owned parcels where the Comprehensive Plan already supports more housing. Aligning zoning with the Future Land Use Map citywide would do more for supply than any single financing tool in this bill.

More broadly, this remains a bill about how the District finances housing, not about how quickly or cheaply housing can be built. The new full-cost report in Sec. 107(c) will

document what drives those costs. The Policy Center has published recommendations on permitting, zoning, and regulatory costs.[11]

Conclusion

Each of these changes serves the same goal: more subsidized affordable homes, in more neighborhoods, at a lower cost to the public. Thank you for the opportunity to testify. I am happy to answer any questions the Committee may have, and the Policy Center looks forward to working with Committee staff on any of these recommendations.

[11] D.C. Policy Center, "Breaking the Scarcity-Subsidy Cycle: A new housing vision for the District of Columbia," May 2026. https://www.dcpolicycenter.org/publications/breaking-the-scarcity-subsidy-cycle/