



D.C. POLICY CENTER

The Wilkes Initiative for Housing Policy

**Budget Oversight Hearing on
Department of Housing and Community
Development**

Committee on Housing, Chairperson Robert White

Tuesday, May 12, 2026, 12:00 pm

Written Testimony of Yesim Sayin

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Good afternoon, Chairperson White and members of the Committee. My name is Yesim Sayin and I am the Executive Director of the D.C. Policy Center, an independent nonpartisan think tank advancing policies for a strong, vibrant and compelling District of Columbia.

My testimony today focuses on the Housing Production Trust Fund administered by the Department of Housing and Community Development (DHCD) and how reforms could improve the performance of this program.

Core issues with HPTF

Housing Production Trust Fund (HPTF)¹ is the District's flagship investment in affordable housing. It has financed and preserved thousands of units² and remains central to the city's housing strategy. But its performance has been hampered by the constraints of the broader system in which it operates. Regulatory requirements, lack of agency capacity, and misaligned program design all contribute to the problems that plague the agency.

- 1. Too expensive.** Per-unit costs have risen to levels that are difficult to sustain. Full development costs frequently two to four times as much as market-rate development.³ These high costs reflect elevated financing and legal transaction costs driven by bureaucratic rules that govern the program. Costs are also driven by policies that deliver scarcity: when rules and regulations raise the cost of building, public dollars must rise in parallel.
- 2. Geographically concentrated.** A significant share of HPTF-supported units have been built in areas where land is less expensive and approvals are more predictable. As a result, production has been concentrated in a limited number of neighborhoods, particularly in Wards 7 and 8.⁴ This reinforces patterns of segregation and concentrates poverty, outcomes that run counter to the program's equity objectives.
- 3. Cannot meet its own goals.** Income targets for low-income housing without operating support highlights a third limitation. Despite statutory goals, only 18 percent

¹ Housing production trust funds are a critical tool used by governments to finance the development and preservation of affordable housing. These funds can support a range of activities, including capital subsidies, below-market loans, and operating assistance. In Washington, D.C., the Housing Production Trust Fund (HPTF) serves as the city's primary vehicle for creating and preserving affordable housing. Administered by the Department of Housing and Community Development (DHCD), the HPTF is funded by deed recordation and transfer taxes as well as general fund allocations.

² Between 2010 and 2022, HPTF helped finance nearly 17,700 units, 95 percent of them rentals.

³ D.C. Policy Center's analysis of Housing Production Trust Fund reports shows that in 2022, the average cost of a unit receiving HPTF funds exceeded \$530,000. Data includes 7 major rehabilitation and new construction projects reported in the 2022 Annual Report for the Housing Production Trust Fund, which collectively cost \$769 million to produce 1,443 units. This is the full cost of the project, funded through multiple funding streams in addition to HPTF. One recent project cost \$1.2 million per unit. Thompson, S. (2025, June 7). In D.C., publicly funded homes can cost over \$1 million per unit - The Washington Post. The Washington Post. Retrieved from <https://www.washingtonpost.com/dc-md-va/2025/06/06/these-publicly-funded-homes-poor-cost-12-million-each-develop/>

⁴ Roughly half of HPTF-supported units produced since 2015 are located in Wards 7 and 8. Affordable Housing dataset, available at Opendata from <https://opendata.dc.gov/datasets/affordable-housing/>

of HPTF-supported units serve extremely low-income households,⁵ far short of the statutory requirement that at least half of HPTF resources support this group.⁶ HPTF primarily offers capital subsidies for housing production, however, capital subsidies alone are not sufficient to support these units over time as operating costs exceed what restricted rents can cover.⁷ Without sustained operating support, deeper affordability remains difficult to achieve.

Recommendations

This is the first year in many when HPTF is not receiving funds above and beyond what is legally required. This means, the agency will receive only about \$55 million. To stretch these dollars further, the District should consider the following reforms:

1. **Lean heavier on preservation and create pathways for nonprofit acquisition.** Provide grants and low-cost financing to mission-driven organizations to acquire existing buildings and place long-term affordability covenants, focusing on naturally occurring affordable housing and aging rent-controlled stock.
2. **Shift deep affordability from capital to operating subsidies.** Set capital subsidies to target 60 percent of AMI (using income averaging) and use operating subsidies to reach deeper affordability (30–50 percent of AMI). This approach allows more projects to pencil out, increases the number of units produced, includes units that serve critical parts of the District's workforce,⁸ and delivers deeper affordability more efficiently.
3. **Simplify financing.** Develop standardized financial preservation packages that combine acquisition loans, rehabilitation support, and operating subsidies to reduce transaction costs and timelines. Cap or closely monitor developer fees.
4. **Compete on outcomes, not project type.** Evaluate all HPTF applications including preservation and new construction on a common standard: units delivered, cost per unit, and location.⁹
5. **Track results.** The HPTF should follow robust, standardized reporting requirements that allow policymakers to assess performance across projects and over time. Reporting

⁵ Extremely low income is defined as 30 percent of Area Median Income (AMI). "Housing Production Trust Fund Reports." DC Gov Department of Housing and Community Development, dhcd.dc.gov/page/housing-production-trust-fund-reports.

⁶ "Chapter 28. Housing Production Trust Fund." Code of the District of Columbia, code.dccouncil.gov/us/dc/council/code/titles/42/chapters/28/.

⁷ 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). NAA 2021 Survey of Operating Income & Expenses in Rental Apartment Communities. Retrieved from <https://naahq.org/naa-2021-survey-operating-income-expenses-rental-apartment-communities>

⁸ Calma, E., Sayin, Y. (2024). Priced out: Where can D.C.'s essential workers afford to live? D.C. Policy Center. Available at <https://www.dcpolicycenter.org/publications/priced-out-where-can-d-c-s-essential-workers-afford-to-live/>

⁹ Calma, E. (2026). Testimony before the DC Council Committee on Housing on B26-0597 – Housing Production Omnibus Amendment Act of 2026. Retrieved from <https://www.dcpolicycenter.org/publications/housing-affordability-omnibus-2026/>

should include project-level data on units, costs, timelines, location, and financing; portfolio-level metrics on production, cost efficiency, and geographic distribution; and clear tracking of operating subsidies and tenant outcomes. To support better decision-making, the District should publish this information in a regular, public-facing dashboard and require periodic independent evaluation of program effectiveness. Most importantly, reporting should be tied to future funding decisions, ensuring that resources are directed toward the approaches that deliver the greatest number of units, at the lowest cost, and in the widest range of neighborhoods.

Recommended performance metrics for HPTF

Area	Metric
Clear statement of purpose to focus on outcomes, not activity	Reporting should allow policymakers and the public to assess whether funds are producing more housing, at lower cost, in more neighborhoods, and serving intended populations.
Standardized project-level reporting to help identify what works	<ul style="list-style-type: none"> • Number of units (total + affordable by AMI band) • Per-unit subsidy (capital and operating, separately) • Total development cost • Timeline (award/closing/delivery) • Financing structure (debt, equity, subsidies) • Location (ward, neighborhood, transit proximity)
Portfolio-level performance metrics to gauge system performance	<ul style="list-style-type: none"> • Total units produced/preserved by AMI band • Cost per unit (trend over time) • Geographic distribution of units • Share of units in high-opportunity areas • Time to delivery (median and range) • Leverage ratio (public vs private dollars)
Operating subsidy and affordability tracking	<ul style="list-style-type: none"> • Number of units supported by operating subsidies • Depth of affordability achieved (30%, 50%, 80% AMI) • Duration of affordability commitments • Cost per unit of operating support vs capital subsidy
Tenant outcomes and stability to gauge equity and stability goals	<ul style="list-style-type: none"> • Tenant income bands served • Rent burden before and after assistance • Tenant retention / displacement rates • Use of tenant protections or relocation support
Pipeline and pipeline risk reporting to identify frictions	<ul style="list-style-type: none"> • Projects in pipeline (pre-development/construction/completed) • Projects delayed or withdrawn (with reasons) • Financing gaps identified • Regulatory or permitting delays
Comparison across delivery mechanisms to support evidence-based decisions about what to scale	<ul style="list-style-type: none"> • Side-by-side reporting of new construction v. preservation • Side-by-side reporting of capital v. operating subsidies • Comparing cost per unit, time to delivery, affordability achieved and geographic dispersion
Administration efficiency and capacity	<ul style="list-style-type: none"> • Time to award • Time to underwriting/close • Staff capacity metrics • Compliance backlog or delays

