



D.C. POLICY CENTER

The Wilkes Initiative for Housing Policy

Public Hearing on

B26-0597– Housing Production Omnibus Amendment Act of 2026

Committee on Housing, Chairperson Robert White

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Good morning, Chairperson White, and members of the Committee. My name is Emilia Calma, and I am Director of The Wilkes Initiative for Housing Policy at the D.C. Policy Center, an independent non-partisan think tank advancing policies for a strong, vibrant, and compelling District of Columbia. Thank you for the opportunity to testify on the Housing Production Omnibus Amendment Act of 2026.

We commend the Council for recognizing the District's housing shortage, the need to reform the Housing Production Trust Fund, and the importance of a more efficient subsidy framework. On these fronts, the bill has real strengths. It acknowledges that deeper affordability requires operating subsidies, emphasizes preservation, and improves transparency and accountability through stronger reporting.

The bill is guided by sensible goals: produce more affordable housing, distribute it across all neighborhoods, and reduce per-unit costs. As drafted, however, several elements risk slowing production and adding to existing market constraints. At its best, the bill could preserve existing units, support deeper affordability, and improve transparency. Without discipline, it could diffuse resources across too many priorities, favor visible interventions over scalable production, and increase discretion without improving predictability, all while leaving the main drivers of high costs and slow delivery unchanged.

The D.C. Policy Center has 11 specific recommendations on the direction of this legislation. These recommendations prioritize producing more subsidized affordable housing units, in more places, at lower cost, which we believe should be the focus of every section of this bill.

More generally, this is a housing finance bill, and not a production reform bill. It expands funding tools but does not address the conditions that determine whether housing gets built including zoning constraints, lengthy permitting approvals, fragmented agency reviews, and rising operating costs. Without addressing these, additional funding will not deliver housing at the scale the city needs. We encourage the Committee to work on accompanying legislation that would make housing production cheaper and easier in all parts of the city. The D.C. Policy Center's forthcoming research on this topic offers 24 specific recommendations to achieve this goal, and we are happy to work with the Committee on parallel legislation.

Recommendation #1: Fund outcomes, not financing silos

The five proposed financing structures of production, operating subsidies, preservation, TOPA, and DOPA should function as a single toolkit rather than separate accounts. Public funding should be awarded from a unified Housing Opportunity Fund to the projects that deliver the most affordable units, at the lowest per-unit subsidy, and across the widest range of neighborhoods.

As drafted, the bill allocates funding across multiple accounts without clear performance targets or criteria for evaluating success. This creates confusion and risks prioritizing how housing is financed over what it produces. When programs are judged by structure rather than outcomes, costs tend to rise and impact becomes harder to measure.

The bill should instead be agnostic about the financing mechanism. All proposals, whether focused on production or preservation, should compete on a common, transparent standard: how many units they deliver, at what cost, and where. A single, flexible fund would reduce fragmentation, improve accountability, and direct resources to the most effective uses.

Recommendation #2: Align scoring criteria with outcomes and make them predictable.

First, the proposed weighting factors should be reexamined to ensure they advance three outcomes: more units, lower per-unit subsidy, and broader geographic distribution.

Second, the District should publish a clear, comprehensive scoring rubric that allows applicants to evaluate their proposals in advance. This would improve predictability, strengthen competition, and direct public dollars to the highest-value projects in a transparent way.

Third, the weighting system should be periodically tested against the outcomes it is meant to achieve. If it does not consistently reward projects that deliver more units, at lower cost, and in more neighborhoods, it should be revised. The goal is not to optimize for inputs, but to allocate funding based on measurable results.

Table 1. Recommendations for weighted preferences proposed for the Housing Production Account

Selected proposed weighted factors	Recommendations
Supports geographic distribution of new housing production.	<p>Modify.</p> <p>Pair this goal with relief from government-imposed constraints that limit production across neighborhoods such as zoning restrictions,^{1,2} parking requirements,³ historic preservation requirements,⁴ heritage tree protections,⁵ and similar barriers. Geographic diversity cannot be achieved without expanding where housing can be built.</p>
Projects that allow for the District acquisition of land using a purchase and leaseback agreement.	<p>Remove.</p> <p>Financing structure should not be a scoring advantage. If public land acquisition meaningfully lowers costs or enables projects in high-opportunity areas, those benefits will be reflected in unit count, subsidy per unit, and location.</p> <p>Ensure any land strategy is evaluated on full fiscal impact, including whether costs are shifted elsewhere in the budget.</p>
Increases the supply of three-bedroom units.	<p>Expand.</p> <p>Include two-bedroom units as well.</p>
Incorporates child development facilities.	<p>Modify.</p> <p>Evaluate financial viability as part of the scoring rubric. Require clear alignment with available</p>

¹ Most of the residential areas in Wards where housing production has been low are almost entirely zoned for single-family homes. Sayin, Y. (2019). *Single-family zoning and neighborhood characteristics in the District of Columbia*. Washington, D.C. Retrieved from <https://www.dcpolicycenter.org/publications/single-family-zoning-2019/>

² In D.C., nearly 49,000 lots are reserved for detached or semi-detached single-family housing, and about 19,900 of these are larger than 4,500 square feet.

³ D.C. requires parking in almost all of D.C., including in areas with access to metro and bus routes. The only areas in the District where housing can be built without parking are newly developed corridors such as K street, Union Market, the Wharf, Navy Yard, and Anacostia. National Zoning Atlas, available at <https://www.zoningatlas.org>

⁴ The District has 73 designated historic districts that collectively cover 3,037 acres of land (roughly 8 percent of the entire land area, and about 24 percent of land dedicated for housing) and 1,326 tax lots.

⁵ DDOT Urban Forestry. (2023, July 28). Tree Canopy Preservation in Washington, DC. Retrieved from <https://storymaps.arcgis.com/stories/c54a7c360324477f8b16a1812bf32905>

Selected proposed weighted factors	Recommendations
	operating subsidies to ensure the facility can serve the intended population.
Encourages or facilitates the entry of well-qualified firms and investors into the housing market.	Remove. This is underdefined and introduces discretion without improving outcomes. A transparent, competitive process will attract qualified participants; projects should be evaluated on what they deliver, not who proposes them.

Recommendation #3: Modify rent restrictions on new production to increase unit delivery.

The bill provides funding for new buildings that would operate as workforce housing (what the bill currently calls market rate buildings). This is commendable, but as drafted, the bill places so many restrictions on allowable rents that that we expect few projects would pencil out.

Table 2. Recommendations on the proposed restrictions on rents for units that receive funding through the Housing Production Account

Requirement	Recommendations
Unit rents must be set at the lower of Small Area Fair Market Rents or Rent Reasonableness.	Remove. Housing providers report that the rent reasonableness system is opaque and often sets rents below market. Because allowable rents are not published, providers cannot predict operating income, which complicates underwriting and can limit access to financing.
Units must be subject to rent control, limiting rent increases over time.	Remove. Rent controlled buildings can be appealing to some investors, but brand-new buildings with rent restrictions will have a harder time competing for investor dollars.
Units must be marketed to voucher holders.	Remove. This is unnecessary under Fair Housing laws. Tenant-based vouchers may apply to any unit, and providers cannot discriminate against voucher holders.
Buildings are required to potentially enter future	Modify.

Requirement	Recommendations
affordability covenants with the city, possibly taking shallow subsidies from the subsidy account.	As drafted, this provision introduces significant uncertainty. While this option should be available to all housing providers, it will likely appeal only to properties with substantial provider equity. Projects that rely on significant debt or external equity are unlikely to be able to participate, as lenders require predictable and stable rent streams to underwrite financing.

Recommendation #4: Shift deep affordability from capital to operating subsidies.

The bill correctly recognizes that capital subsidies alone cannot achieve deep affordability. At very low-income levels, rents do not cover operating costs, so ongoing operating support is essential.

One major reform this bill can implement is to change how production dollars (i.e. capital subsidies) are allocated. The bill should consider a more novel approach to using capital and operating subsidies in tandem: It should 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,⁶ and delivers deeper affordability more efficiently.

Operating subsidies can also be used in the form of Inclusionary Conversions, or creating affordability covenants through rent buy-downs in portions of existing buildings. The D.C. Policy Center’s research⁷ shows that these models can place subsidized units in market-rate buildings at a fraction of the cost of new construction, while expanding access to a wider range of neighborhoods. We would welcome the opportunity to work with the Committee to incorporate this approach into the bill.

⁶ 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/>

⁷ Appraising the District’s rentals – Inclusionary Conversions. (2020). D.C. Policy Center. <https://www.dcpolicycenter.org/publications/appraising-districts-rentals-chapter-v/>

Additionally, the bill provides an opportunity to reverse a recent change at DHCD, which now requires HPTF projects to meet DCHC's portfolio-wide income targets at the individual project level, without guaranteeing an operating subsidy.⁸ This requirement pushes the very same goal DHCD itself cannot achieve to individual projects, making so almost no projects will qualify.⁹ Additionally, these targets are based on HPTF funding levels, not building unit counts, making the program very difficult to administer.

Recommendation #5: Remove provisions that favor TOPA for preservation projects.

Preservation is a cost-effective way to expand affordable housing across more neighborhoods, but prioritizing TOPA transactions¹⁰ will limit its reach. Preference for preservation funds should be given to projects that create the most affordable units, in areas where affordable housing production has been low, for the lowest per-unit cost possible. By doing this, we ensure that preservation funds are providing housing to households who need the financial assistance, not households who happen to go through the TOPA process.¹¹ The bill should clarify that any use of public funds, including those with tenant stability goals, should be limited to projects serving households at or below 80 percent of AMI.

D.C. Policy Center research has shown that tenant purchases through TOPA are very rare.¹² While this may be a goal of the council, tenant stability does not require tenant purchase to

⁸ Housing Production Trust Fund (HPTF) New Construction Term Sheet (Rental and Homeownership). Found at

<https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/HPTF%20OpenRFP%20TermSheet%20-%20New%20Construction%20%28final%29%2003.13.26.pdf>

⁹ Under the new OpenRFP process, projects are required to have 50 percent of funding go toward units at 30 percent AMI, 40 percent of funding go toward units making 30-50 percent AMI, and the remaining 20 percent of funding going to units at 80 percent AMI. HPTF has been unable to achieve these goals on a portfolio level without operating subsidies. Pushing these goals to the project level will stop new affordable housing construction.

¹⁰ As written, the bill will give funding priority to projects that received prior bridge loans from the tenant purchase support account. This doubles down on subsidies for residents who purchased through TOPA, providing prepurchase, downpayment, and other financial assistance to buy their units, and then giving additional funds to maintain them or provide additional financing.

¹¹ The bill already allocates substantial funding for tenant support through the Tenant Purchase Support Account.

¹² Calma, E., Sayin, Y. (2025). TOPA's Promise and Pitfalls: Balancing tenant rights, affordability, and housing investment in Washington, D.C. D.C. Policy Center.

<https://www.dcpolicycenter.org/publications/topas-promise-and-pitfalls-in-dc/>

occur, and tenant purchase may be out of reach to those who could benefit most from affordable housing through preservation.

Recommendation #6: Clarify what data should be published on any project receiving public funding.

This bill should include robust, standardized reporting requirements that allow policymakers to assess performance across projects and over time. Reporting 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.

Table 3. Recommended reporting and metrics

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

Area	Metric
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

Recommendation #7: Pair the use of stabilization funds with structural reforms.

The bill’s stabilization provisions need significant changes. One-time stabilization funding may temporarily support providers facing high arrears, but it does not address the underlying drivers of nonpayment and prolonged eviction timelines that create financial instability. Without policy changes, these conditions will persist and require repeated intervention. Council should address these root causes in this bill or through complementary legislation.

The provision would benefit from clearer parameters: define what constitutes a downturn, clarify eligibility and timing of awards, and specify the terms of any public equity stake. Requiring an equity position may limit participation by projects with conventional financing.

Allowing up to 40 percent of the fund to be used for stabilization further weakens its focus. Without clear guardrails, stabilization risks becoming a recurring diversion from production and preservation, creating three concerns:

- downside risk is assumed publicly without corresponding upside,
- short-term rescues crowd out long-term investment,
- and the availability of rescue reduces pressure to fix underlying policy constraints.

Recommendation #8: Clarify the purpose and added value of the bonding provisions.

The bill introduces new bonding tools, but their added value in the District's context is unclear. While tax-exempt bonds can lower borrowing costs, they do not address the primary constraints on housing investment in D.C. such as entitlement risk, regulatory unpredictability, and long approval timelines. In other jurisdictions, bond financing has proven more effective for workforce housing than for deeply affordable projects, where operating gaps persist despite lower interest costs.

Before advancing these provisions, the Council should clarify how they differ from existing Housing Finance Agency tools and IRBs, assess their implications for the District's debt capacity, and determine whether the D.C. Retirement Board requires explicit authorization to participate.

Recommendation #9: Eliminate the provision that overrides TOPA-exemptions when District Opportunity to Purchase (DOPA) is in use.

The 15-year exemption from the Tenant Opportunity to Purchase Act (TOPA) approved by the Rebalancing Expectations for Neighbors, Tenants, and Landlords (RENTAL) Act of 2025¹³ was intended to support housing production by creating a predictable transaction environment. Introducing the District Opportunity to Purchase (DOPA) into these transactions reintroduces uncertainty and delays, undermining the purpose of the exemption.

From a market perspective, there is no meaningful distinction between a purchase right exercised by a tenant-authorized developer and one exercised by the District. In both cases, the presence of an additional purchase right at the point of sale introduces timing risk, execution uncertainty, and financing complications. These are the same risks that the TOPA exemption was designed to remove, and their reintroduction, regardless of who holds the right, can discourage investment and complicate transactions.

In addition, TOPA-exempt buildings are newer and higher-cost assets, making them a less efficient use of public subsidy compared to older, naturally more affordable properties where preservation efforts can achieve greater impact.

¹³ D.C. Law L26-0080, Effective Dec 31, 2025. Published in [DC Register](#) Vol 73 and Page 000613.

Recommendation #10: Align zoning with the Future Land Use Map citywide, not just for District-acquired parcels.

The bill requires zoning adjustments to increase allowable density (FAR) on properties acquired through DOPA, aligning them with the Future Land Use Map (FLUM). This approach implicitly acknowledges that zoning constraints limit housing production, but applies the solution too narrowly. Aligning zoning with FLUM across the city would expand housing capacity more broadly and create more consistent conditions for development.

More fundamentally, the bill places significant emphasis on acquiring and deploying public land, assuming land availability is the primary constraint. In practice, financing challenges, operating costs, zoning restrictions, appeals risk, and fragmented agency processes are often more binding constraints than land itself.

This highlights another shortcoming of the proposed legislation. While it focuses on subsidized affordability and correctly removes District imposed impediments on these projects, it ignores the impacts of market-rate production on current and future affordability.

Research consistently shows that production of market rate housing increases affordability by stabilizing rental increases and opening up older units.¹⁴ New market rate production creates a consistent pipeline of naturally affordable housing by creating vacancies in below median-income neighborhoods and older housing units.¹⁵ We have seen this play out in historic data: cities that built more housing between 1990 and 2010 had significantly lower rent growth than cities that built less housing.¹⁶

¹⁴ For example, despite increased demand and increased population, Austin's construction boom lowered rent prices across the city. Austin built 120,000 homes between 2015 and 2024, the majority of which were market rate, "luxury" units. Rents decreased in this time by 2.6 percent in market rate units, and remarkably decreased rents by 5 times more in affordable units. Units serving low-income households decreased in rent by 11.4 percent over this decade. This illustrates how production of market rate housing creates greater affordability across all income levels.

Clifford, L., Rodnyansky, S. Su, D. (2026). Austin's Surge of New Housing Construction Drove Down Rents. Pew Research Center. <https://www.pew.org/en/research-and-analysis/articles/2026/03/18/austins-surge-of-new-housing-construction-drove-down-rents>

¹⁵ Mast, E. (2023). JUE Insight: The effect of new market-rate housing construction on the low-income housing market. *Journal of Urban Economics*, 133, 103383. doi: 10.1016/J.JUE.2021.103383

¹⁶ Glaeser, E., & Gyourko, J. (2018). The Economic Implications of Housing Supply. *Journal of Economic Perspectives*, 32(1), 3–30. doi: 10.1257/JEP.32.1.3

Recommendation #11: Require comprehensive reporting on the full cost of housing production.

The bill calls for reporting on selected fees, including developer, bond, and consultant costs. While useful, this captures only a portion of total development costs and risks overlooking the primary drivers of project feasibility. To meaningfully identify cost pressures, reporting should include the full cost structure of projects, including:

- construction and labor costs,
- regulatory requirements (e.g., energy standards, electrification mandates),
- financing and carrying costs driven by delays, and
- compliance costs associated with District-specific policies.

A comprehensive view of costs will better identify which policies most affect feasibility and where reforms can have the greatest impact. The D.C. Policy Center is preparing a forthcoming study that examines these cost drivers in detail and offers 24 specific recommendations to reduce barriers to housing production. We would welcome the opportunity to work with the Committee to incorporate these insights into parallel legislation aimed at addressing the underlying cost structure more directly.

Thank you for the opportunity to testify and I am happy to answer any questions.

Glaeser, E. L., Gyourko, J., & Saiz, A. (2008). Housing supply and housing bubbles. *Journal of Urban Economics*, 64(2), 198–217. doi: 10.1016/J.JUE.2008.07.007