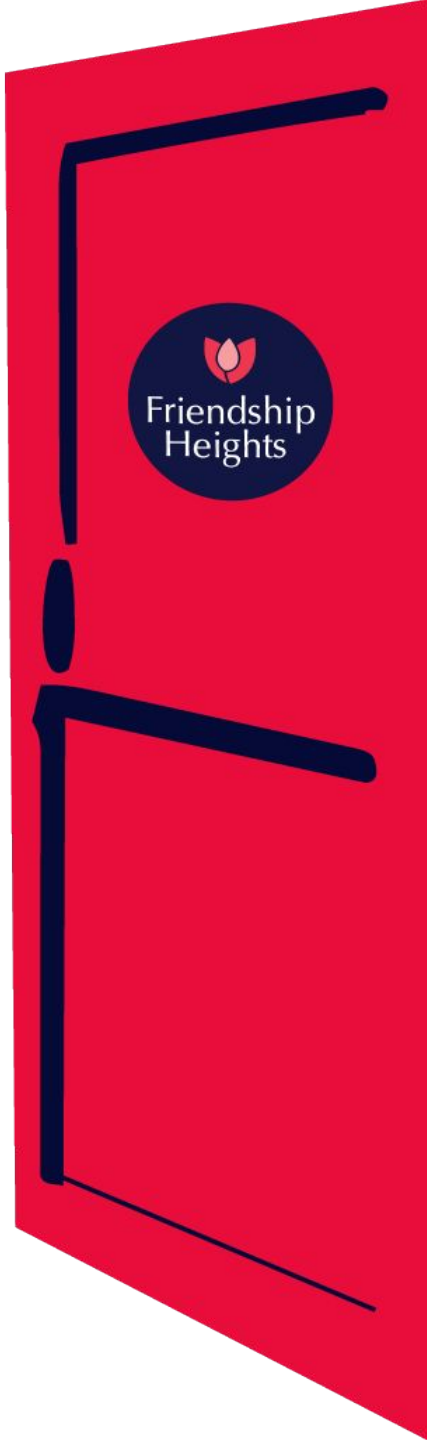
Why We Need More Homes

A Guide for Residents & Stakeholders



Created by the Friendship Heights Alliance with Jon Stover & Associates

FRIENDSHIPHEIGHTS.COM

About This Guide

Developed with Jon Stover & Associates

Research compiled and organized with Claude AI

WHY WE MADE THIS GUIDE

The Friendship Heights Alliance was formed in 2023 to help revitalize Friendship Heights through marketing, placemaking, and community building. From the outset, gathering diverse perspectives has been central to everything we do.

What we hear consistently is that people want more vitality, more thriving local businesses, more local serving retail and more public gathering spaces.

And we know, backed by ample research, that such vitality depends on welcoming new neighbors and adding more homes and housing types. Friendship Heights, with nearly 40 acres of underutilized land, has a real opportunity to deliver on this need. That means housing at scale, a greater variety of types, including dedicated affordable housing for low- and middle-income residents.

A larger, more diverse residential population is the foundation of everything Friendship Heights can be: a vibrant mixed-use corridor with beloved local businesses, active public spaces, and the kind of third places that make a neighborhood feel alive. More neighbors means more of all of this.

Creating that capacity is not simple, and we know the conversations around it can be contentious. This guide is our effort to address the key concepts, including some that get distorted in public debate. We believe the evidence for adding more housing capacity in Friendship Heights is clear, and we've linked to the underlying research below so that anyone can read and evaluate it for themselves.

Our north star is a neighborhood and a region where people at every income level can live in transit rich, walkable and vibrant, high opportunity neighborhoods if they want to. We think Friendship Heights can be part of making that hope a reality.

All research is linked at FRIENDSHIPHEIGHTS.COM. We encourage readers to consult the underlying sources and reach their own conclusions.

WHO WE ARE

Friendship Heights Alliance

A cross jurisdictional place leadership organization that serves Friendship Heights on both sides of the DC/Montgomery County border along Wisconsin Avenue. Founded 2023.

HOW THIS GUIDE WAS MADE

Jon Stover & Associates

The Alliance partnered with Jon Stover & Associates, a leading economic development and community engagement firm, to develop the research framework and policy analysis behind this guide.

Terms you don't understand? Please refer to the Glossary at the end of this document.

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The Context: Why do we need to build more homes?

A Reference Guide to Key Studies & Reports On the national, regional, and local shortage

Friendship Heights is part of a larger story and major national crisis. The United States is facing a structural housing shortage that has been building for decades. Estimates from Freddie Mac put the national shortfall at roughly 3.7 million units Wealth Enhancement Group, while the National Association of Realtors, using a construction-pace methodology, puts the figure closer to 5.5 million. Harvard Joint Center for Housing Studies The problem is sharpest in high-demand, high-opportunity metros -- places like the DC region, where job growth, educational attainment, and quality of life has drawn people faster than housing could be built, driving up costs across the board. Prices and rents outpaced incomes and inflation consistently from 1988 through 2024, EveryCRSReport.com squeezing households at every income level -- but the burden falls hardest on those with the least. **Nationally, only 35 affordable and available rental homes exist for every 100 extremely low-income renter households**, a gap the National Low Income Housing Coalition estimates at 7.2 million units, National Low Income Housing Coalition and HUD found that as of 2023, there were just 38 rental units available per 100 extremely low-income renter households. EveryCRSReport.com Middle-income renters face their own squeeze, priced out of ownership markets and competing with higher earners for a rental stock that isn't growing fast enough. **The shortage is not a single problem with a single solution. It operates at every scale, from the national underinvestment in homebuilding since the 2008 financial crisis to the local zoning decisions that prevent new homes from being built in the neighborhoods where people most want to live.**

NATIONAL
Scale of the crisis across the U.S.

DMV REGION
Metro Washington targets and shortfall

DC & MONTGOMERY COUNTY
Local jurisdiction-level evidence

The sources below cover housing shortages at three scales: national, the Washington DC metro region, and DC and Montgomery County. These studies support the case that Friendship Heights needs more homes of all types.

National Housing Shortage Research

REPORT / STUDY	ORGANIZATION	KEY FINDING
SCALE OF THE NATIONAL SHORTAGE — ESTIMATES RANGE FROM 1.5M TO 7.3M UNITS		
State of the Nation's Housing 2025	*Harvard JCHS*	Record 22.6M cost-burdened renters — 50% of all renters. Home prices up 60% since 2019. Home sales at a 30-year low. Estimated national shortage of 1.5M units.
Make It Count: Measuring Our Housing Supply Shortage	*Brookings Institution*	Meta-analysis of all major shortage methodologies. Estimates range 1.5M to 7.3M; Brookings own estimate: 4.9M units short as of end-2023. Variation reflects differing definitions, not factual disagreement.
2025 Housing Underproduction Report	*Up For Growth*	National gap narrowed slightly to 3.78M homes in 2023, but new permits are in steady decline since 2022. Underproduction concentrated in high-demand metros.
Housing Supply: Still Undersupplied	*Freddie Mac (Nov. 2024)*	National shortage at 3.7M units as of Q3 2024. Housing cost burden has delayed formation of approximately 1 million households — "hidden" demand that will resurface when conditions allow.
Bringing the Housing Shortage Into Sharper Focus	*Urban Institute*	Local-level analysis. NAR estimates 5.5M shortfall; NLIHC highest at 7.1M for renters below 30% AMI. Shortage concentrated in high-cost metros and among lowest-income households.
The Size of the Housing Shortage: 2024 Data	*NAHB / Eye on Housing*	1.2M additional units needed to restore normal vacancy rates. Owner vacancy hit record low of 0.8% in 2023. Rental vacancy rates similarly depressed in most metros.
AFFORDABILITY AND WORKFORCE IMPACT		
The Gap: A Shortage of Affordable Homes 2024	*NLIHC*	7.2M shortage of rental homes affordable to extremely low-income renters. Only 35 affordable homes available per 100 households that need them. Gap exists in every state.
Out of Reach 2024: The High Cost of Housing	*NLIHC*	A full-time worker needs to earn $32.11/hr to afford a modest 2-bedroom at fair market rent. 14 of the 20 most common jobs pay below the 1-bedroom housing wage.
New Housing Slows Rent Growth for Older Units	*Pew Charitable Trusts*	Every 10% increase in housing supply correlates with rents growing 5% less. Effect most pronounced for lower-cost, older units — the ones affordable renters actually live in.
Reconciling Apartment Shortage with Record Completions	*NMHC*	Rising costs suppressed household formation in every single U.S. metro studied — millions of 'hidden' households unable to form due to unaffordability. Completions mask demand suppression.

Citations — Additional Q2 Sources: National Shortage, DC & MoCo Data

REPORT / STUDY	ORGANIZATION	KEY FINDING
ADDITIONAL NATIONAL SHORTAGE ESTIMATES		
NLIHC Gap Report 2025	*NLIHC*	Annually updated quantification of the shortage of rental homes for extremely low-income renters. Most recent estimate: over 7 million homes short for households below 30% AMI. Shortage exists in every state and every major metro.
Goldman Sachs: US Housing Supply and Affordability Outlook	*Goldman Sachs (2024)*	Goldman Sachs estimates 3–4 million additional homes beyond normal construction are needed. Analyzes structural drivers of underbuilding and the outlook for supply and affordability in high-demand metro
Freddie Mac: Housing Supply Deficit	*Freddie Mac (2021, updated)*	Freddie Mac's foundational estimate: 3.8 million unit shortage in 2020. Shortage is structural, driven by a decade of underbuilding following the 2008 recession. Subsequent estimates have remained in the
US Housing Shortage Hits Record High	*National Mortgage Professional (2024)*	Synthesizes major shortage estimates: AEI (6M), Zillow (4.7M), NLIHC (7M+), Freddie Mac (3.8M). Shortage driven by underbuilding in the 2010s and accelerating cost barriers.
HOUSING TYPES & TOD DENSITY MINIMUMS		
Examining associations between urban design attributes and transport mode	*Boulange et al., Cities (2023)*	Living in neighborhoods where densities exceeded 20 dwellings per hectare significantly increased walking, cycling and public transport use, and decreased driving. Density is a fundamental driver of transit viability and retail sustainability.
Recommended Residential Densities for Transit-Oriented Development	*Metropolitan Council / 2030 Palette*	Rail core: minimum 30 units/hectare (75/acre). Rail center: 16/hectare (40/acre). Bus core: 20/hectare (50/acre). Below these thresholds, transit ridership cannot be sustained economically. Friendship Heights is well below minimum TOD density on most parcels.
Minimum Density for Commercial Corridor Viability	*Federal Reserve Bank of Philadelphia / LISC MetroEdge*	Convenience markets surrounding targeted corridors need a minimum of 5,000 households per square mile to be economically viable. Residential density is the foundation of commercial corridor health — not just income levels.

Do we really need more homes in Friendship Heights?

Friendship Heights is one of the most well-served neighborhoods in the entire Washington region. It includes a Metro station, major buslines, exceptional public schools, multiple grocery stores and many beloved local businesses and national chains. More homes in Friendship Heights mean more neighbors, more customers keeping local restaurants and independent shops alive, more people filling the benches and sidewalks that already exist, and more residents whose property and income taxes fund the libraries, arts centers, transit service and social priorities that everyone values.

The people who would move here are not a threat to what makes the neighborhood special. **They are precisely the kind of transit-riding, walkable-neighborhood-seeking residents who will use it, love it, and sustain it.** Friendship Heights is already a great place. Adding more homes is simply how more people get to live here and how we can support the kind of vibrant retail fabric and thriving public life that so many people we've heard from say they desire.

How much housing has been built in Friendship Heights in the last few decades?

Despite sitting on one of the region's best-served transit corridors, Friendship Heights has added almost no new housing capacity in decades. While comparable Metro-served neighborhoods that have grown substantially, Friendship Heights has remained largely frozen. The neighborhood's residential stock is dominated by buildings constructed before 1980, and until the addition of Wisconsin Place in 2014 and the recent redevelopment of Mazza Gallerie, meaningful new construction had been essentially absent from the corridor for a generation, despite acres of parking lots and aging commercial buildings. A neighborhood with this much infrastructure, and this many amenities, and this much transit access should be growing, but Friendship Heights has not been, especially compared to other transit rich neighborhoods throughout the region.

Montgomery County, MD | **Ward 3 / Rock Creek West, DC** | **Wisconsin Ave Corridor**

DMV Region, DC & Montgomery County Research

REPORT / STUDY	ORGANIZATION	KEY FINDING
DMV REGION — METRO WASHINGTON TARGETS AND SHORTFALL		
COG Regional Housing Targets (2019–2030)	*Metro Washington COG*	320,000 units needed 2020–2030; 75% should be near transit; 75% affordable to low and middle incomes. Employment growth has consistently outpaced housing production in the region.
The Future of Housing in Greater Washington	*COG / GGWash*	Region needs 25,600 new units per year to keep pace with growth. Before 2008, the region built over 30,000 units per year — a pace it has not recovered to since.
DMV Isn't Building Enough Homes	*Axios / Bright MLS (Apr. 2024)*	Region falling short of 320,000-unit COG goal. High rates, labor shortages, and post-pandemic slowdowns are identified as key causes, compounded by restrictive local zoning.
HAND Housing Indicator Tool — Regional	*HAND / COG*	Real-time tracking of annual production against COG 2030 targets for every DMV jurisdiction — by income level and proximity to transit.
WASHINGTON, DC		
HAND Housing Indicator Tool — DC Profile	*HAND*	DC added avg. 5,300 units/yr since 2010 vs. 5,800 new residents/yr — consistently below population growth rate. 46% of renters face unaffordable housing costs.
Housing Framework for Equity and Growth	*DC Office of Planning / DHCD*	DC's core housing framework. Sets 36,000-unit-by-2025 goal; establishes equity and geographic distribution targets by ward. Rock Creek West — including Friendship Heights — is the most underbuilt planning area.
Affordable Housing Needs Assessment for DC	*Urban Institute / DMPED*	Ward- and cluster-level analysis of DC's affordable housing gap, quantifying need to build and preserve units by income level across the District's most resource-rich neighborhoods.
MONTGOMERY COUNTY, MD		
2025 Maryland Housing Needs Assessment	*MD DHCD / UMD*	Maryland shortage of 275,000 affordable rental units; state needs 590,186 new units by 2045. Low-density zoning and Adequate Public Facilities Ordinances (APFOs) identified as primary cost drivers.
State of the Economy Series: Housing & The Economy	*Maryland Comptroller*	Montgomery County median home price exceeds $475,000 (up 20% in 4 years). Only 49% of moderate-income households could afford a home in 2022, down from 75% in 2000.
More Housing N.O.W. Package	*MoCo Council (Friedson/ Fani-González)*	Average MoCo home price hit $1.02M in 2024; prices up 6.5% while wages rose 1.5%. Proposes transit-corridor upzoning for workforce housing along Wisconsin Avenue and other corridors.
NLIHC Gap Report 2024 — Maryland	NLIHC	Maryland has 197,310 extremely low-income households but only 63,118 affordable and available units — just 32 affordable homes per 100 households in need. Shortage hits both sides of the DC/MoCo border.

Citations — Additional Q2 Sources: National Shortage, DC & MoCo Data

REPORT / STUDY	ORGANIZATION	KEY DATA POINT
HOW LITTLE HAS BEEN BUILT		
Less than 5% of DC's new housing built in Ward 3 (2010–2020)	*DC Policy Center / GGWash*	Per the DC Policy Center, Ward 3 received less than 5% of all new housing units built citywide between 2010 and 2020 — despite being the wealthiest, most transit-served planning area in DC.
Rock Creek West has met 0% of its affordable housing target	*GGWash (2024)*	Rock Creek West has produced just 135 affordable units — 6.8% of its target. East of the Anacostia, neighborhoods have produced 3,539 units: 220% of their target.
Rock Creek West: 77% single-family, 10% multifamily	*DC Comprehensive Plan*	Of Rock Creek West's residential acreage, 77% is developed with single-family detached homes. Only 10% is multifamily apartments and condominiums. The planning area covers 13 square miles in upper NW.
Only 1% of DC's subsidized rental units are in Ward 3	*GGWash / ULI (2019)*	ULI's advisory panel found Ward 3 is 80% white, mostly owner-occupied, has the highest housing values in DC, and is overwhelmingly zoned for single-family homes — you can't build anything else without requesting an exception.
Improving housing affordability by reforming IZ	*DC Policy Center, 2026*	Half the city's subsidized units are in Wards 7 and 8. Only 1% are in Ward 3. Only 11% of all IZ units citywide are in Wards 3 and 4 combined, where most land allows only single-family housing.
THE OFFICIAL RESPONSE: DC PLANS FOR THE CORRIDOR		
Wisconsin Avenue Development Framework (Feb. 2024)	*DC Office of Planning*	DC's official plan for Friendship Heights and Tenleytown: lays groundwork for up to 9,500 new homes, including 1,700 dedicated affordable units. Part of the Rock Creek West Roadmap effort to reverse decades of underproduction.
Rock Creek West Roadmap (2021)	*DC Office of Planning*	80% of DC residents surveyed said the existing distribution of affordable housing should change; 6 in 10 named Rock Creek West as a top priority, citing transit access and quality schools.
Zoning Commission Case 25-13 (filed July 2025)	*Holland & Knight / DC OP*	Proposes four new zone districts along the Wisconsin Ave corridor enabling matter-of-right development. Friendship Heights is designated a Regional Center — the highest designation outside downtown — justifying significant new housing capacity.

Maryland Side: Wisconsin Avenue Corridor / Montgomery County

REPORT / STUDY	ORGANIZATION	KEY DATA POINT
HOW LITTLE HAS BEEN BUILT — MONTGOMERY COUNTY		
MoCo adds 6,500 residents/year but only 2,300 housing units	*HAND Housing Indicator Tool*	Montgomery County has added an average of 6,500 new residents per year since 2010 but only 2,300 housing units — a structural gap that has accumulated for over a decade.
Only 6,000 of 380,000+ MoCo units built since 2010 (as of 2015)	*Montgomery County CountyStat*	As of 2015, only 6,000 units — barely 2% of the county's total housing stock — had been built since 2010, putting MoCo's residential development over 30,000 units behind the pace of previous decades.
52% of MoCo renters face unaffordable housing costs	*HAND Housing Indicator Tool*	More than half of all Montgomery County renters are housing cost-burdened, a direct consequence of persistent underproduction relative to demand.
MoCo home price up 20% in 4 years; only 49% of moderate-income households can afford to buy (vs. 75% in 2000)	*Maryland Comptroller (Oct. 2025)*	The median MoCo home price now exceeds $475,000 — and only 49% of moderate-income households could afford a home in 2022, down from 75% in 2000.
MoCo average home sale price hit $1.02M in 2024; wages up 1.5%, prices up 6.5%	*MoCo Council / More Housing N.O.W. (2025)*	The average sale price for a single-family detached home in Montgomery County reached $1.02 million in 2024. Prices rose 6.5% while wages grew only 1.5%.
THE STATEWIDE CONTEXT		
MD needs 590,186 new units by 2045; currently short 275,000 affordable rentals	*MD DHCD / UMD (2025)*	Maryland's 2025 Housing Needs Assessment finds the state needs nearly 590,000 new units to meet projected household growth through 2045. Low-density zoning and APFOs are identified as the primary cost drivers.
MD ranked 6th in the country for domestic out-migration; housing is the driver	*Maryland Comptroller (2025)*	Maryland permitted an average of only 8 housing units per 1,000 residents from 2014–2024, compared to over 18 per 1,000 in states like Florida, North Carolina, and Texas — states Maryland is losing residents to.
Silver Spring & Bethesda added 7,500 units since 2012 on surface parking lots	*Montgomery Planning Dept. (2023)*	40 projects in Silver Spring and Bethesda built since 2012 — largely on surface parking and underused commercial land — added over 7,500 units, 1,300 of which were affordable. Friendship Heights has comparable infill potential and has not seen the same growth.

Many people can't afford new construction. How does building more new housing help *them*?

Let's face it. It's counterintuitive to look at a brand new market rate building with lots of amenities and premium rents and believe that building more of them will help those feeling the affordability crisis most acutely.

It's important to remember that most of today's affordable housing was built decades ago as market-rate housing. Over time, buildings age, their finishes and systems depreciate, and rents fall relative to the newer buildings around them. Economists call this process filtering. It is not a theory, it's a phenomenon supported by a large body of evidence. For example, Stuart Rosenthal's 2014 study in the American Economic Review used 26 years of panel data to show that rental housing filters down in real terms at about 2.5 percent per year, an empirically measured rate, not a theoretical one. More studies, many listed below, reinforce this finding.

The mechanism is a moving chain. When a new building opens, the households who can afford it move in, most of them out of slightly older units. Those units are filled in turn. Evan Mast tracked 52,000 residents across six moving-chain rounds in 12 U.S. cities, including DC, and found every 100 new market-rate units generates 45 to 70 effective units for below-median-income households within three to five years.

Building more homes, including expensive ones, keeps the chain moving.

Here is a great video that explains how this concept works.

2.5%
Annual real rate at which rental housing filters down in price (Rosenthal, AER 2014)

45–70
Effective units for below-median households per 100 new units in 3–5 years (Mast, JUE 2023)

60%
Average income level reached by moving-chain new-build units by the third round (Kindström & Liang, 2024)

 See citations on the following slides.

Citations — Part 1: The Mechanism of Filtering

STUDY / SOURCE	ORGANIZATION	KEY FINDING
FILTERING IS A MEASURABLE PROCESS — DIRECT EVIDENCE		
Are Private Markets and Filtering a Viable Source of Low-Income Housing?	*Rosenthal, American Economic Review (2014)*	The first direct empirical measurement of filtering in the U.S. Using 1985–2011 panel data, Rosenthal finds rental housing filters down at about 2.5 percent per year in real terms. "For most locations, filtering is robust." The prior absence of estimates, he notes, had "contributed to misplaced policy."
Has Housing Filtering Stalled? Heterogeneous Outcomes, 1985–2021	*Spader, Housing Policy Debate (2025)*	Filtering slowed or reversed in many metros from 2015–2021 as markets tightened — especially in high-appreciation areas like San Francisco and Los Angeles. The finding reinforces the case for new construction: filtering works when supply keeps pace with demand, and breaks when it doesn't.
The Effect of New Market-Rate Housing on the Low-Income Housing Market	*Mast, Journal of Urban Economics (2023)*	Tracked 52,000 residents across six moving-chain rounds in 12 U.S. cities, including DC. By round six, 40 percent of movers came from below-median tracts. Every 100 new market-rate units generates 45–70 effective units for below-median households within 3–5 years.
Does New Housing for the Rich Benefit the Poor? Trickle-Down Effects	*Kindström & Liang, IFAU (2024)*	Swedish national microdata, 1990–2017. Low-income households are overrepresented among in-movers to vacated homes freed by new construction. New homes reach households at 60 percent of average income by the third round of the moving chain — especially fast in rental markets.
Supply Skepticism Revisited	*NYU Furman Center (2023)*	Meta-analysis addressing the trickle-down framing. The evidence shows new construction reduces or slows rents — citywide and generally in nearby units as well. Filtering operates mechanically through the physical stock; trickle-down depends on contested behavioral claims. The two are not analogous.
FILTERING IS NOT TRICKLE-DOWN — WHY THE COMPARISON FAILS		
Filtering of Apartment Housing Between 1980 and 2018	*NMHC Research Foundation (2020)*	National study of the multifamily rental stock over nearly four decades. The very-low-income rental stock sits disproportionately in older buildings that entered the market at higher price points decades earlier. Filtering is not marginal to affordable supply — it is the primary source.

Citations — Additional Filtering Evidence

REPORT / STUDY	ORGANIZATION	KEY FINDING	SOURCE URL
SUPPLY SHOCK — NEW BUILDINGS REDUCE NEARBY RENTS			
Supply Shock vs. Demand Shock: Local Effects of New Housing in Low-Income Areas	*W.E. Upjohn Institute / Federal Reserve Bank of Philadelphia*	New buildings decrease nearby rents by 5–7% relative to locations slightly farther away or developed later. New buildings absorb many high-income households, overwhelming any offsetting amenity effect. "Contrary to common concerns, new buildings slow local rent increases rather than initiate or accelerate them."	
How New Apartments Create Opportunities for All	*Federal Reserve Bank of Minneapolis (2024)*	New market-rate apartments trigger vacancy chains that ultimately create housing opportunities for lower-income households within a few years. Traces the full chain from new-building occupant through multiple moves to lower-income households.	
Market-Rate Development Impacts on Affordability	*UCLA Lewis Center (2024)*	Examines local and regional effects of market-rate housing construction on rents across income levels. Consistent with broader literature: supply expansion moderates rent growth across the income spectrum, not just at the top.	
FILTERING OVER TIME — ADDITIONAL EVIDENCE			
Filtering to Affordable: Does Multifamily Housing Become More Affordable as It Ages?	*Journal of Real Estate Research (2022)*	A property filters down when each successive occupant earns less than the prior one. Nationwide, household income for a given unit falls 16% over 40 years. Affordability increases ~2.7% in a unit's first decade, continuing every decade thereafter — substantial cumulative savings for low-income families.	
NMHC Research Foundation: Filtering Study (2020)	*National Multifamily Housing Council*	New construction apartments largely targeted to higher-income groups enabled filtering to generate 69,000 additional low-income occupied units annually 2000–2006. After 2011, when new construction collapsed, filtering reversed — confirming supply as the mechanism.	
How Filtering Affects the DC-Area Housing Market	*DC Urban Turf / Freddie Mac*	Freddie Mac exploration of filtering in the DC metro. Downward filtering holds true: household income for a given unit falls over time as units age. DC metro's constrained supply environment slows filtering — reinforcing why production matters.	
Curbing Rising Housing Costs: A Model-Based Policy Comparison	*Abramson & Landvoigt, Journal of Economic Perspectives (2025)*	Increasing supply in the top market segment is more effective at reducing house-price-to-income ratios than adding supply in the bottom rental segment — because it stops higher-income households from competing with lower-income ones for older housing.	

Citations — Part 2: The Lifecycle of a Building

STUDY / SOURCE	ORGANIZATION	KEY FINDING
AGING HOUSING BECOMES RELATIVELY MORE AFFORDABLE		
New Housing Slows Rent Growth Most for Older, More Affordable Units	*Pew Charitable Trusts (2025)*	Empirical confirmation of filtering in real U.S. metros. In eleven high-supply metros from 2017–2023, the steepest rent declines were in Class C apartments — the oldest, cheapest buildings. New construction is what made the older stock cheaper. The price relief landed where low-income renters live.
Local Effects of Large New Apartment Buildings in Low-Income Areas	*Asquith, Mast & Reed, Review of Economics and Statistics (2023)*	New market-rate buildings reduce rents in nearby units by about 6 percent. Critical finding: blocking construction does not keep high-income renters out of a neighborhood — it redirects them into bidding for older, cheaper units. When they occupy new units instead, existing rents fall.
City-Wide Effects of New Housing Supply: Evidence from Moving Chains	*Bratu, Harjunen & Saarimaa, Journal of Urban Economics (2023)*	Finnish population-wide register data. New market-rate units trigger moving chains that reach middle- and low-income neighborhoods within a short window. Market-rate supply improves affordability outside its own sub-market and delivers measurable benefits to low-income households even in the short run.
Does Building New Housing Cause Displacement?	*Pennington, UC Berkeley (2021)*	Natural experiment using San Francisco building fires as an instrument for new construction. New projects reduced nearby rents 1.2–2.3 percent within 500 meters and cut displacement risk by more than 17 percent. Rent-regulated landlords were a third less likely to issue eviction notices nearby.
Geographic and Temporal Variation in Housing Filtering Rates	*Liu, McManus & Yannopoulos, Regional Science & Urban Economics (2022)*	Filtering rates vary significantly by metro. Liu, McManus & Yannopoulos use 1.23 million Freddie Mac owner-occupied mortgage transactions across 180 metros to show filtering works in some places and stalls in others. The lesson: filtering is not automatic. It requires sustained construction.
WHAT THIS MEANS FOR FRIENDSHIP HEIGHTS		
Make It Count: Measuring Our Housing Supply Shortage	*Brookings Institution (2024)*	Meta-analysis of shortage estimates. The U.S. is short 1.5 to 7.3 million homes; Brookings' own estimate is 4.9 million. In supply-constrained places, filtering breaks down. Friendship Heights — Metro-served, 40 underused acres, decades of near-zero production — is where the cascade should restart.
Housing Framework for Equity and Growth	*DC Office of Planning / DHCD*	DC's core housing framework. Rock Creek West — which includes Friendship Heights — is named as the District's most underbuilt planning area. Without new construction at the top, there is no cascade opening up existing units. Supply suppression and filtering breakdown are the same story.

Isn't 'filtering' just trickle-down economics for housing?

Critics often compare filtering to “trickle-down economics.” But filtering isn’t a theory about tax cuts and capital flows, it’s a physical fact: buildings age, and older buildings cost less. That’s depreciation and vacancy chains, not ideology. Here are the three most common objections, and what the evidence actually shows.

"Filtering is just a theory."

It's been directly measured. Rosenthal (2014) in the American Economic Review used 26 years of panel data to confirm rental housing filters down at 2.5%/year. A follow-up Freddie Mac study found 45% of all low-income rental units in the U.S. got there through filtering.

”High-end and low-end markets don't connect."

Mast (2023) tracked 52,000 residents across 6 rounds of moving chains in 12 cities including DC. While only 20% of round-one movers came from below-median tracts, 40% did by round six. Every 100 new units generated 45–70 effective units for below-median households within 3–5 years.

"Filtering takes too long to matter."

The Mast moving-chain data show cascades happening within 3–5 years, not generations. A Swedish microdata study (Kindström & Liang, 2024) found new homes reaching households at 60% of average income by the third round of the chain — in rental markets specifically.

Citations — The Evidence for Filtering

STUDY / SOURCE	ORGANIZATION	KEY FINDINGS
FOUNDATIONAL STUDIES — FILTERING IS REAL AND MEASURABLE		
Are Private Markets and Filtering a Viable Source of Low-Income Housing?	Rosenthal, American Economic Review (2014)	The first direct empirical measurement of filtering. Using 1985–2011 panel data: rental housing filters down at 2.5% per year in real terms. "For most locations, filtering is robust." Rosenthal notes that the absence of estimates "has contributed to doubts about the viability of markets and to misplaced policy."
Geographic and Temporal Variation in Housing Filtering Rates	Liu, McManus & Yannopoulos, Regional Science & Urban Economics (2022)	Using 1.23M Freddie Mac mortgage transactions: 45% of rental units affordable to very low-income renters in 2013 had filtered down from owner-occupied or higher-rent categories since 1985. Nearly half the low-income rental stock in America got there through filtering.
The Effect of New Market-Rate Housing on the Low-Income Housing Market	Mast, Journal of Urban Economics (2023)	Tracked 52,000 residents across 6 moving-chain rounds in 12 U.S. cities including Washington, DC. Only 20% of first movers came from below-median tracts; 40% by round six. Every 100 new units generates 45–70 effective units for below-median households within 3–5 years.
Local Effects of Large New Apartment Buildings in Low-Income Areas	Asquith, Mast & Reed, Review of Economics and Statistics (2023)	New buildings reduce rents in nearby units by ~6%. Critical finding: blocking construction does not keep wealthy renters out — they just outbid lower-income residents for existing units. When they choose new units instead, rents fall and lower-income renters gain choices.
City-Wide Effects of New Housing Supply: Evidence from Moving Chains	Bratu, Harjunen & Saarimaa, Journal of Urban Economics (2023)	Finnish population-wide register data. New market-rate units trigger moving chains that quickly reach middle- and low-income neighborhoods. Market-rate supply improves affordability outside its sub-market and directly benefits low-income people even in the short run.
Does New Housing for the Rich Benefit the Poor? Trickle-Down Effects	Kindström & Liang, IFAU (2024)	Swedish national microdata 1990–2017: poor people are overrepresented among in-movers to vacated homes freed by new construction. New homes reach households at 60% of average income by the third round of moving chains — especially fast in rental markets.
Does Building New Housing Cause Displacement?	Pennington, UC Berkeley (2021)	Natural experiment using San Francisco building fires. New projects reduced rents 1.2%–2.3% within 500m and reduced displacement risk by 17%+. Landlords of rent-regulated buildings were a third less likely to issue eviction notices after new housing was built nearby.

The Study Supply Skeptics Love to Cite Doesn't Say What They Think It Says

One study has dominated the supply skeptic playbook: a 2026 Georgetown Center on Poverty and Inequality report, featured in the New York Times. It found that in high-growth markets, low-income rents rose faster than others. Critics immediately identified serious methodological flaws, and the authors themselves never argued against building. We've provided resources exploring what the evidence actually shows.

> ***"The Georgetown University study proves supply doesn't help the poor."***
>
> The study's own authors do not reject supply. The executive director wrote that "supply alone is not fixing affordability," not that it's irrelevant. Economist Jay Parsons disputed the methodology (Phoenix's 26.7% figure inflated by measuring rents against falling market rents, not CPI). And the study never asks what would happen without the supply, which is the only relevant question.

The takeaway: Filtering is real and well-documented. Supply suppression does not protect low-income renters,it exposes them to displacement from above. Supply and direct subsidy are complementary tools, not competing ones. Treating them as a choice is a mistake that gives those who want to block housing more ammunition.

Citations — Responding to the Critics (Georgetown, Shelterforce, and *NY Times* Coverage)

STUDY / SOURCE	ORGANIZATION	Key Finding
THE GEORGETOWN STUDY: WHAT IT ACTUALLY SAYS (AND DOESN'T)		
Abundance for Who? Report (February 2026)	*Georgetown Center on Poverty & Inequality*	Examined Atlanta, Dallas, Houston, Phoenix, Seattle, and DC. Found that in high-supply metros, rents for extremely low-income households rose relative to higher-income rents. The study's own authors conclude: supply must be paired with targeted subsidies. They do NOT argue that supply is harmful or that construction should be restricted.
'Abundance Kept Rents Down, But Not for Poor Tenants. Why?' — The Real Deal (2026)	*The Real Deal / Jay Parsons*	Economist Jay Parsons disputed the Georgetown methodology: Phoenix's 26.7% low-income rent figure was inflated by measuring against falling market rents (not CPI). Owners of cheapest units raised rents to cover rising operating costs — utilities, insurance, taxes. The counterfactual (what would have happened without supply) is never addressed.
Georgetown Director's Own Statement: 'Supply alone is not fixing affordability'	*Georgetown / Davis Vanguard (2026)*	Executive Director Lelaine Bigelow explicitly wrote that "supply alone is not fixing affordability" — not that supply is irrelevant or harmful. "Go beyond" market-rate supply means pairing it with targeted tools, not eliminating it. The NYT coverage implied a stronger conclusion than the authors themselves made.
THE CORRECT SYNTHESIS: SUPPLY AND SUBSIDY ARE COMPLEMENTARY		
Supply Skepticism Revisited	*NYU Furman Center (2023)*	Comprehensive meta-analysis. Weight of evidence supports supply expansion. Moving chains from new construction provide meaningful relief to low-income households. Acknowledges limited evidence from some severely constrained markets. Supply and subsidy are both necessary.
New Housing Slows Rent Growth Most for Older, More Affordable Units	*Pew Charitable Trusts (2025)*	Real-world data from metros that increased supply 10%+: steepest rent declines in Class C (cheapest) apartments. Austin rents in Class C buildings fell 11%. Every 10% supply increase correlates with ~$470/year in rent savings for the average renter.
Has Housing Filtering Stalled? Heterogeneous Outcomes (1985–2021)	*Spader, Housing Policy Debate (2025)*	Critical honest qualification: filtering can stall or reverse in severely constrained markets. Filtering works when supply keeps pace with demand — but cannot be relied on alone for the very lowest incomes. This supports pairing supply with vouchers and direct subsidy programs, not restricting supply.

Why is so much new housing built at the top of the market? It seems like the only housing being produced is “luxury.”

Another thing you hear a lot in housing debates, is that too many developers are choosing to build “luxury” product instead of more affordable housing types. But that framing misses what's actually driving the finishes: **The cost of constructing a new multifamily building, including land, labor, materials, permits, financing, and carrying costs during approvals, is now so high that only rents at the upper end of the market can cover it.**

The barriers to building multifamily housing, especially in places with high land costs, are enormous: lenders require 20-40% equity upfront and high balance sheet strength to even get a loan approved. Firms can only justify a project when the expected rents cover their costs, and in most markets today, that means building for people who can afford $2,000 a month or more

The answer is not to stop building, it's to lower the cost of building. Every policy that adds time, cost, or uncertainty to the development process pushes the minimum viable rent higher and prices out more of the market. Conversely, zoning reform, streamlined permitting, reduced fees, and support for small and emerging developers make it possible to build at lower price points. According to a 2022 joint study by NAHB and the National Multifamily Housing Council (NMHC), government regulation at all levels accounts for an average of 40.6% of multifamily development costs. Permitting delays add months to projects that are costing developers thousands of dollars a day in interest. NAR estimates the country needs to add at least two homes priced under $255,000 for every home listed above $680,000, but as long as it costs more than that to build, the market can't produce them without subsidy.

20–40%

Equity required upfront by lenders — barrier to small developers (Urban Institute)

$10,900

added to new home cost by tariffs alone in 2025 (NAHREP)

What the Research Shows About "Luxury" Housing, Even When It Defies Our Instincts

THE SQUEEZE: WHEN SUPPLY IS CONSTRAINED, EVERYONE COMPETES DOWNWARD

When higher-income households cannot find market-rate units, they bid for the next best thing: older, naturally affordable housing. This directly displaces lower-income renters from the units they rely on. Going back to our filtering discussion: Tight supply is not a neutral condition — it is actively harmful to the people least able to compete.

The mechanism runs both ways: more market-rate supply gives higher-income renters somewhere to go, relieving pressure on lower-cost units.

100

New market-rate units free 45–70 units in below-median tracts via chain migration (Mast 2019, Urban Institute)

5 yrs

for most vacancy-chain benefits to reach low-income households after a new building opens (Mast 2019)

THE FALSE CHOICE: "LUXURY HOUSING" FRAMING AS A BLOCKING TACTIC

The claim that market-rate housing does nothing for affordability has been thoroughly examined by researchers and found wanting. Been, Ellen & O'Regan (2019, 2024) reviewed the full literature: new supply slows rent growth regionally, vacancy chains free lower-cost units, and new construction has not been shown to heighten displacement.

The luxury framing is often used not to advocate for more affordable housing, but to prevent any housing from being built.

−5%

Rent growth for every 10% increase in regional supply (Pew, 2024); strongest effect in cheapest units

5×

Increase in supply skepticism among residents who oppose housing, even those who want lower costs (Futran et al. 2023)

The answer is never market-rate or dedicated affordable. It has always been both.

Citations — Part 1: The Cost Structure of New Housing

REPORT / STUDY	ORGANIZATION	KEY DATA POINT
REGULATIONS, PERMITTING & FEES		
Government Regulation in the Price of a New Home (2021)	*NAHB / Eye on Housing*	Regulations at all levels of government account for 24% ($93,870) of the final price of a new single-family home. Up 44% from $65,224 in 2011. Building code changes alone account for ~$24,000. Does not include carrying costs from permitting delays.
Housing Affordability and Supply (2025)	*NAR (2025)*	Middle-income buyers (earning $75K–$100K) can afford only 21% of active listings. Country needs to add at least 2 homes priced under $255,000 for every home listed above $680,000. Solving the shortage requires zoning reform, removal of barriers to entry-level construction, and updated permitting.
Building Barriers: Rising Construction Costs Impact Affordability	*NAHREP (2025)*	Building materials up 41.6% since COVID. Tariffs alone add an average $10,900 to a new single-family home. Each month of permitting delay adds thousands in financing costs, passed on to buyers. 24% of the average new home price is attributable to regulations.
The Cost to Build New Housing Keeps Rising	*Terner Center, UC Berkeley*	Hard costs of constructing multi family homes climbed 25% over a decade (inflation-adjusted). Rising construction costs mean fewer homes can "pencil out" financially, compounding the shortage. Every project that fails to pencil is a neighborhood that stays undersupplied.
Making Apartments More Affordable: Understanding the Costs	*Brookings / Harvard JCHS*	Hard costs = 50–70% of construction costs; soft costs (design, permitting, financing, fees) = 20–30%. Projects requiring rezoning or facing community opposition have substantially higher soft costs. Complex projects that require discretionary review can see costs jump dramatically.
What Makes Housing So Expensive? Hard Costs, Soft Costs, Land	*Construction Physics / Brian Potter*	Cost breakdown: land ~20%, hard construction ~55%, soft costs ~25%. Hard costs are ~50/50 materials and labor — both hard to reduce. Labor costs vary by 50%+ between cities. No single dominant item to cut; the problem is structural.

Citations — Part 2: Development economics

REPORT / STUDY	ORGANIZATION	KEY DATA POINT
BARRIERS FACING SMALL & EMERGING DEVELOPERS		
Challenges Facing Small or Emerging Multifamily Developers	*Urban Institute (Sept. 2025)*	Lenders require 20–40% equity upfront. Banks prefer borrowers with strong balance sheets and deal histories — small developers often can't qualify. Minimum liquidity of $1M and $5M net worth frequently required, excluding most developers of color. Zoning and permitting processes can take 8 months to over a year, which small developers — using their own capital — cannot sustain.
The Cost of Affordable Housing: Does It Pencil Out?	*Urban Institute (interactive)*	Interactive tool showing the structural gap between what a building costs to build and what rents can repay. Without government subsidy, building housing at rents most people can afford is mathematically impossible in most markets. Demonstrates why developers building without subsidy must target higher rents.
NAHB: Regulatory Costs Account for 24.3% of New Home Price	*National Association of Home Builders (NAHB) (2021)*	Permitting adds an average 13 months in Los Angeles, 16 months in Seattle. One additional month in the permitting process raises the cost of building by ~$4,400 (Washington state study). For a developer carrying a construction loan, each month of delay directly increases the minimum viable rent.
WHAT LOWER COSTS WOULD MAKE POSSIBLE		
NAR Housing Affordability and Supply: Policy Recommendations	*National Association of Realtors (2025)*	Supports zoning reform, by-right approvals, removal of barriers to entry-level construction, vocational training to expand the construction labor force, and modernized construction methods. Every barrier removed lowers the minimum viable rent for a new project.
How Zoning Regulations Affect Affordable Housing	*NAHB (2024)*	By-right housing approvals and pre-approved housing designs can bypass discretionary approval processes that add cost and time. Allowing higher density spreads fixed costs across more units — a key lever for bringing per-unit cost down. Research shows every time residential density doubles, auto ownership falls 32–40% and infrastructure costs per unit decline.
Missing Middle: Multi-Unit Housing Feasibility in High-Underproduction Regions	*Up For Growth (2025)*	In 2024, 90–140 million Americans lived in counties where multi-unit housing could have been feasibly built at middle-income price points — if policy conditions supported it. The gap between what's possible and what gets built is largely a policy gap, not a market gap.
Small Developer Strategies: Partnering with Local Government	*Urban Institute (Sept. 2025)*	Local governments can help by offering reduced land costs, pre-approved entitlements, access to public funding, and streamlined permitting for smaller developers. Cities that target outreach to small and emerging developers — not just large institutional firms — unlock a different kind of supply: smaller-scale, neighborhood-appropriate,

How can building market-rate housing improve affordability for low-income families?

When housing is scarce, the people with the fewest options are hurt the most. When there aren't enough homes, high-income renters don't go without. They outbid lower-income households for the older, cheaper units those households depend on. **Pew's 2025 analysis found that during the national housing shortage, neighborhoods with the lowest incomes experienced rent increases 10 percentage points steeper than the wealthiest neighborhoods.** Scarcity isn't neutral. It's regressive.

More supply changes the competition. When market-rate units are built at the top of the market, higher-income households fill them, instead of competing with lower-income renters for the existing affordable stock. That reduced competition shows up most in the cheapest units. In the eleven metros that increased housing supply by 10% or more from 2017 to 2023, rents fell the most in Class C apartments, the oldest, least expensive buildings that low-income renters actually live in: Not the new luxury towers but the old ones.

The cities that built the most protected their lowest-income renters the best. Houston, Minneapolis, and New Rochelle, N.Y., added housing at a rapid clip and saw both slower rent growth and less displacement. Austin, where construction surged, saw inflation-adjusted rents fall 19% from their 2021 peak with Class C buildings down 11%. Cities that restricted supply including Chicago, Los Angeles, New York saw costs rise and displacement accelerate.

+10pts

Steeper rent increases in low-income neighborhoods vs. wealthy ones during shortage (Pew, 2025)

4×

The impact of metro-wide supply vs. neighborhood-only supply on local rents (Pew, 2025)

−19%

Inflation-adjusted rent decline in Austin after the construction boom (Pew, 2025)

Citations — Part 1: Scarcity Is Regressive — Who Gets Hurt When Supply Falls Short

STUDY / SOURCE	ORGANIZATION	KEY FINDING
THE SHORTAGE HITS LOW-INCOME RENTERS HARDEST		
How Blocking New Homes Hurts Poor Renters the Most	*CA YIMBY / Pew (2025)*	When wealthy neighborhoods block construction, higher-income households outbid middle-income families in middle-class areas, who then compete with lower-income families in affordable neighborhoods. Lower-income residents have nowhere cheaper to go — and must absorb the price increase or leave.
Supply Skepticism Revisited	*NYU Furman Center (2023)*	Comprehensive meta-analysis: the weight of evidence shows new construction decreases rents or slows increases — not only citywide, but generally also in apartments near new construction. The strongest concern for supply-skeptics is inadequacy of supply growth, not its effects.
Place the Blame Where It Belongs: Lack of Housing Supply	*Urban Institute (2024)*	A 1% increase in housing prices decreases household formation by almost 5% for young adults. Restrictive housing policies are a primary factor explaining class and racial gaps in wealth. Supply suppression is not a neutral or protective force — it actively concentrates economic disadvantage.
The Gap: A Shortage of 7.3 Million Affordable Homes	*NLIHC (2024)*	For every 10 of the lowest-income renters in the U.S., there are fewer than four affordable and available homes. Fewer than 1 in 4 eligible households receives housing assistance. The structural scarcity of supply is the root driver of housing insecurity for low-income families.

Citations — Part 2: What Happened in Cities That Built

STUDY / SOURCE	ORGANIZATION	KEY FINDING
CITIES THAT BUILT: OUTCOMES FOR LOW-INCOME RENTERS		
New Housing Slows Rent Growth Most for Older, More Affordable Units (Austin, Houston, New Rochelle)	*Pew Charitable Trusts (2025)*	In all 11 high-supply metros, the steepest rent declines were in Class C apartments — the oldest, cheapest buildings where low-income renters actually live. Austin inflation-adjusted rents fell 19% from their 2021 peak; Class C buildings fell 11%. Houston, Minneapolis, and New Rochelle all saw slower rent growth and less displacement than peer cities.
Unpacking Supply and Demand in Rent Trends Since the Minneapolis 2040 Plan	*Federal Reserve Bank of Minneapolis (2025)*	Minneapolis built over 18,000 multifamily units from 2018–2022 and saw rent growth slow relative to comparable cities. Analysis found rents in actual Minneapolis tracked $100+ below a synthetic control (what Minneapolis would have looked like without zoning reform). Defied the national trend of rapid rent increases.
Zoning Reforms and Housing Affordability: Evidence from the Minneapolis 2040 Plan (Gu & Munro)	*American Experiment / Gu & Munro (2025)*	Econometric analysis finds Minneapolis rents underperformed peer cities by ~$100/month after the 2040 Plan. Both supply increases and changed investor/buyer expectations contributed. The zoning reform itself may have moderated demand by signaling future housing capacity.
Supply, Demand, and Housing Affordability: New Rochelle Case Study	*Ryan Puzycki / Housing Analysis (2025)*	New Rochelle built 11,000 units, increasing its apartment stock by 37% over a decade. While NYC metro rents jumped 25%+, New Rochelle rents rose just 1.6%. The city achieved this by streamlining environmental reviews, offering developer tax incentives, standardizing zoning, and guaranteeing 90-day approvals.
CITIES THAT RESTRICTED SUPPLY: A CAUTIONARY CONTRAST		
New Housing Analysis: Cities That Blocked Supply Saw Steeper Displacement	*Pew Charitable Trusts (2025)*	Cities such as Chicago, Los Angeles, and New York that severely limited housing growth in recent decades saw costs rise and displacement accelerate — particularly among low-income renters with the fewest alternatives. Previous Pew analysis directly links supply restriction to greater displacement risk.
State and Local Policymakers Should Invest in Rental Assistance Alongside Supply	*Center on Budget & Policy Priorities (2025)*	Even with supply expansion, direct rental subsidy remains essential for extremely low-income households. But supply and subsidy are complementary: more supply makes vouchers go further by expanding the pool of units where they can be used. Restricting supply undermines both tools simultaneously.

Citations — Market-Rate Supply, Affordability & the False Affordable vs. Market-Rate Divide

STUDY / SOURCE	ORGANIZATION	KEY FINDING
THE MECHANISM: HOW MARKET-RATE SUPPLY RELIEVES PRESSURE ON LOW-INCOME RENTERS		
JUE Insight: New Market-Rate Construction and the Low-Income Housing Market	*Evan Mast, Journal of Urban Economics (2019/2021)*	100 new market-rate units in large US cities frees 45–70 units in below-median-income tracts via vacancy chains, with 17–39 units freed in the bottom income quintile. Nearly all effects occur within 5 years. Higher-income movers into new buildings leave vacancies in units that then serve lower-income households.
New Housing Slows Rent Growth Most for Older, More Affordable Units	*Pew Charitable Trusts (2024)*	Every 10% increase in regional housing supply correlated with rents growing 5% less. In high-supply metros, Class C apartments (the cheapest, oldest units) saw the steepest rent declines — the exact units low-income renters occupy. New supply most benefits those who need affordability most.
Place the Blame Where It Belongs: Lack of Housing Supply	*Urban Institute (2024)*	When constrained supply forces higher-income households into older, naturally affordable units, lower-income renters are directly squeezed out. Filtering works most where supply is elastic. In constrained markets like DC, upward filtering replaces downward filtering — prices rise rather than fall — precisely because of insufficient new construction.
Urban Myth Busting: New Rental Housing and Median-Income Households	*City Observatory (Joe Cortright)*	"Where the construction of [new] homes is highly constrained, wealthier households end up bidding up the price of older housing — preventing it from filtering down." New market-rate housing gives higher-income renters somewhere to go, protecting existing affordable stock.
THE FALSE CHOICE: "LUXURY" FRAMING, SUPPLY SKEPTICISM & WHO IT ACTUALLY HARMS		
Supply Skepticism Revisited: Recent Evidence on Housing Supply and Affordability	*Been, Ellen & O'Regan, Housing Policy Debate (2024)*	Definitive literature review: new supply slows rent growth regionally; vacancy chains free units across income spectrum; new construction does not heighten displacement of lower-income households. Scholars name "supply skepticism" as a political phenomenon that feeds local opposition and zoning restrictions — not a factual economic position.
Supply Skepticism Working Brief	*NYU Furman Center (2023)*	Documents the ideological argument that all new construction should be limited to affordable or public housing. Reviews recent research showing this position is contradicted by evidence on filtering, vacancy chains, and regional rent moderation. Notes supply skeptics "seize on potential localized spillover effects" to block construction that would benefit low-income renters overall.
Folk Economics and the Persistence of Political Opposition to New Housing	*Hankinson & Magazinnik, UCLA Political Science (2023)*	Residents correctly understand supply-demand in other markets but apply a cognitive blind spot to housing: "housing supply skepticism in the mass public is widespread and absolutely real." Even people who want lower housing costs oppose supply increases near them — a politically durable but empirically unfounded position.
Left-Wing NIMBYism Strikes Out — Again	*Legal Planet / Been, Ellen & O'Regan (2025)*	"Supply skeptics" frame all new housing as "luxury" and claim market-rate building does nothing for affordability. This has been exhaustively examined and found wrong. The luxury framing is often used not to advocate for more affordable housing, but to prevent any housing from being built — an outcome that harms low-income renters most.

Doesn’t building new housing mean cutting down trees? Isn’t that bad for the environment?

It can be hard to see a tree come down for new construction. However, every home built near Metro in a walkable place like Friendship Heights is a home that doesn't get built on a forest or farm at the region's edges, where sprawl does far more environmental damage through habitat loss and long car commutes. **One tree removed here can mean an acre of woods saved elsewhere.**

Trees can be replanted. Our urban forestry divisions in Montgomery County and DC have stringent requirements for stormwater management and maintaining tree canopies and new developments include ambitious plans to add trees, in some cases at a rate of seven new trees for everyone removed.

Concentrating growth near transit is one of the best tools we have. It protects the region's open spaces, streams, and natural habitats by reducing the pressure to develop undisturbed land farther out.

Trees removed here means an acre of woods saved somewhere on the region’s edge

DC and MoCo forestry rules require canopy and stormwater replacement

Growth here protects open space, streams, and habitat farther from the urban core

Citations: Infill Housing, Trees, & the Environment

REPORT / STUDY	ORGANIZATION	KEY DATA POINT
COMPACT DEVELOPMENT VS. SPRAWL		
Growing Cooler: Evidence on Development and Climate Change	*Urban Land Institute (2008)*	Shifting 60–90% of new growth to compact, transit-served development could reduce vehicle miles traveled (VMT) by up to 30% and cut U.S. transportation CO2 emissions 7–10% by 2050, relative to continued sprawl.
Reducing Transportation Emissions through Land-Use Policy	*Urban Institute (2026)*	The IPCC projects concentrating growth near transit in dense, mixed-use development could cut emissions up to 26% versus business-as-usual; another study found denser central-neighborhood construction could reduce VMT and emissions 8–13%.
Farms Under Threat: The State of the States	*American Farmland Trust (2020)*	Between 2001 and 2016, 11 million acres of U.S. farmland and ranchland were converted to urban or low-density residential use, the equivalent of roughly 2,000 acres paved over or built up every day.
Land Use and Driving: Compact Development and GHG Reduction	*Urban Land Institute (2010)*	Compact, transit-accessible development can reduce regional VMT by 20–40% compared with low-density sprawl, since shorter trips and transit access substitute for long car commutes.
LOCAL TREE CANOPY AND REPLANTING RULES		
Tree Canopy Law (Chapter 55, Montgomery County Code)	*Montgomery Co. DEP*	Requires property owners to plant new shade trees during development to offset impacts on the natural environment; removed roadside trees must be replaced under County and State roadside tree law.
Tree Canopy Protection Amendment Act of 2016 (D.C. Law 21-133)	*DDOT Urban Forestry Division*	Regulates removal of Special Trees (44–100″ circumference) and bars removal of non-hazardous Heritage Trees over 100″; DDOT's Urban Forestry Division stewards roughly 175,000 public trees and sets a 40% canopy goal by 2032.
Bill to Protect Tree Canopy: 3-to-1 Replacement Standard	*Montgomery Co. Council / DeepRoot*	Montgomery County requires roughly three replacement trees be planted for each tree removed or damaged during development, with a mitigation fee funding the County's Tree Canopy Conservation Fund if on-site planting isn't possible.
Tree Canopy and Roadside Tree Requirements – Fee Revisions (Bill 40-23)	*Montgomery Co. Council (2024)*	Updated fee structure for trees removed in the County right-of-way, tying replacement costs to the environmental value of the tree and the cost of planting and maintaining its replacement.

If rents & home prices are so high, shouldn't that make it profitable to build lots of new homes?

This is the paradox at the center of the housing crisis. High rents signal unmet demand. However, high demand alone doesn't make projects viable. Construction costs have surged **39% above pre-pandemic levels**, government regulation now accounts for **40.6% of total multifamily development costs**, and interest rates nearly doubled from 2021 to 2024. When every input to building (materials, labor, land, regulation, and capital) rises simultaneously, many projects simply can't generate enough rent revenue to cover their costs.

Real estate development is heavily debt-financed. Developers borrow to build. When the Federal Reserve raised rates from near zero to over 5% in 2022–2023, the cost of a construction loan more than doubled. Projects that made financial sense at 3% rates stopped making sense at 6–7%. The result: multifamily construction starts fell **25% in 2024 alone,to their lowest level since 2012**, even though the underlying need for housing had not changed.

Regulatory systems compound the problem. Even before interest rates rose, zoning restrictions, lengthy permitting, impact fees, and community opposition added months or years to projects, inflating financing costs and creating uncertainty that makes lenders hesitant. The combination of structural cost barriers and cyclical financing constraints means that even in tight markets with high rents, many needed projects never broke ground. This situation only worsens in economic downturns like the one in which the DMV currently finds itself and is one of the reasons why so many hoped for projects in Friendship Heights have not moved forward yet.

+39%

Construction material prices above pre-pandemic levels (Feb 2020 to Mar 2025)

40.6%

Of total multifamily development costs are government regulation (NAHB/NMHC)

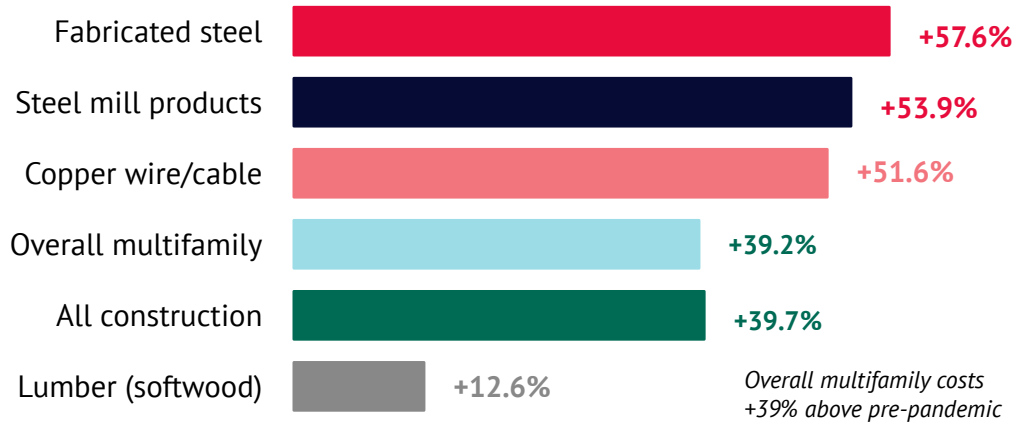
−25%

Multifamily starts in 2024 lowest since 2012 despite continued housing shortage

The Numbers: Why Projects Don't Pencil Out

Construction Material Prices vs. Pre-Pandemic (Feb 2020 = 0%)

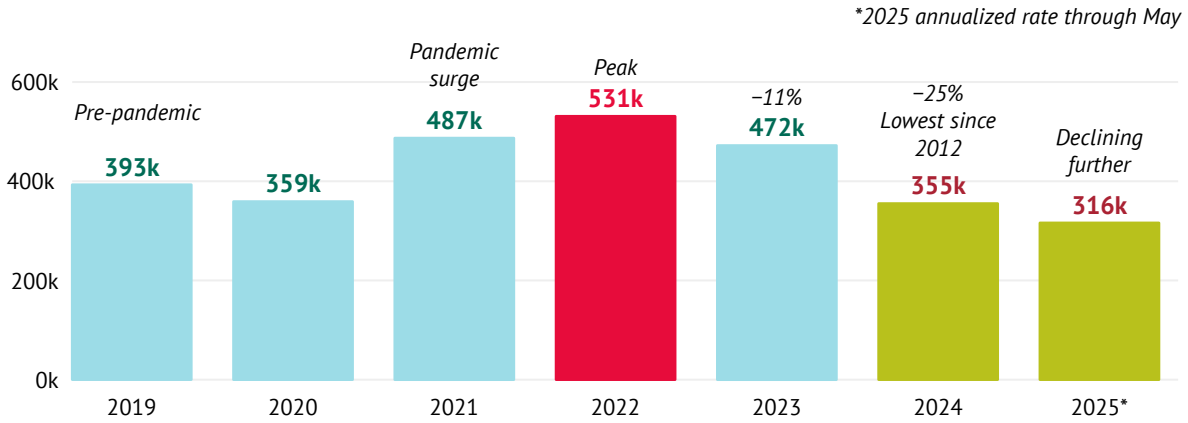
% increase since February 2020 | Source: ABC / BLS Producer Price Index, March 2025



Overall multifamily costs +39% above pre-pandemic

Multifamily Construction Starts (thousands of units/year)

5+ unit buildings | Source: NAHB, Census Bureau, CBRE



How Interest Rates Break the Development Math

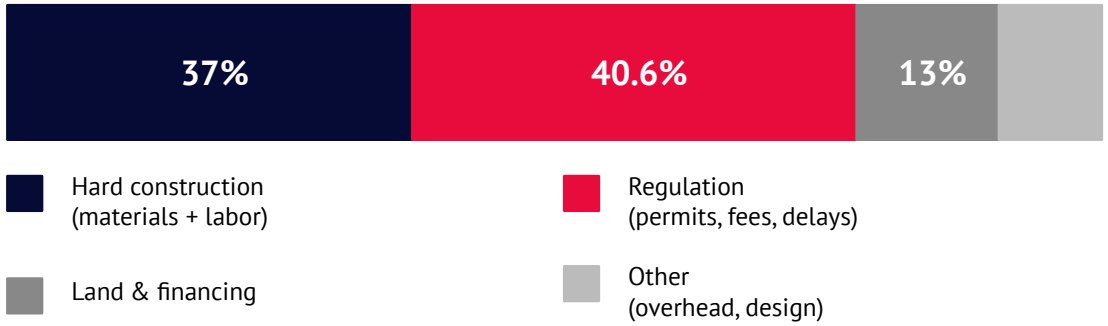
Illustrative example: $20M construction loan over 18-month build period

2021 Environment		2023–24 Environment	
Construction loan rate:	3%	Construction loan rate:	7%
Annual interest cost:	$600K	Annual interest cost:	$1.4M
Total carry (18 mo):	$900K	Total carry (18 mo):	$2.1M
Project pencils out → rents can cover costs		Project no longer viable → rents can't cover higher costs	

When rates more than doubled, the same project needed ~$1.2M more in financing costs — often the difference between viable and not viable.

Where the Money Goes: Typical Multifamily Development Cost Breakdown

Source: NAHB/NMHC (2022) — average $53.6M project



Regulation alone — not materials, not labor — now accounts for more than 40 cents of every dollar spent on a new multifamily project.

Citations: Why New Housing Doesn't Always Pencil Out

REPORT / STUDY	ORGANIZATION	KEY DATA POINT
CONSTRUCTION COST SURGE		
Construction Input Prices Up 41.6% Since Feb 2020	*ABC / BLS PPI (Mar 2025)*	Construction input prices rose 41.6% from February 2020 to March 2025. Fabricated structural metal up 57.6%, steel mill products up 53.9%, copper wire up 51.6%. Multifamily construction costs up 39.2% from pre-pandemic levels.
Cost to Construct a Home Rose Significantly; Record High 64.4% of Price	*NAHB (2024)*	Construction costs hit a record 64.4% of the average new home's final price in 2024 — the highest since data collection began in 1998. Average new home price reached $665,298 in 2024, up 37% from $485,128 in 2019.
Net Multifamily Construction Inputs Up 35–50% Over 5–10 Years	*Urban Land Institute (2025)*	Net inputs to multifamily construction are up 35% from five years ago and more than 50% from ten years ago, making it hard for many new projects to pencil out, especially before adding tariff impacts.
Regulation: 40.6% of Total Multifamily Development Costs	*NAHB / NMHC (2022)*	Government regulation at all levels accounts for 40.6% of total multifamily development costs on average. Rising land, material, and labor costs combined with regulatory burden make it "virtually impossible" to deliver housing at prices most working Americans can afford.
FINANCING SQUEEZE AND STARTS COLLAPSE		
Multifamily Starts Fell 25% in 2024; Lowest Since 2012	*NAHB (Feb 2025)*	Multifamily construction starts fell 25% in 2024 to a rate of 355,000 — the lowest since 2012. Supply-chain problems and high interest rates were the primary causes. High interest rates were the most widely cited obstacle for multifamily builders in NAHB's survey.
Multifamily Starts Expected to Fall 45–70% from 2022 Peak	*CBRE (2024)*	CBRE projected starts to fall 45% from pre-pandemic average and 70% from the 2022 peak. This decline means new deliveries will fall to less than half current levels by 2026 — setting up a new undersupply cycle.
Construction Activity Fell 40% by End of 2024 to Just 230,000 New Starts	*Multi-Housing News / Cushman & Wakefield (2025)*	Despite delivery of 530,000+ new units in 2024 (completing projects begun when rates were low), construction activity fell 40% by year's end to just 230,000 new starts — the lowest since 2012. The pipeline of future supply is thinning rapidly.
High Interest Rates Most Widely Cited Obstacle for Multifamily Builders	*NAHB (Apr 2024)*	"Tight lending conditions and the high cost of development loans continue to hinder additional multifamily housing production." Multifamily starts for buildings 5+ units fell 37.9% year over year in January 2024 alone.

How does additional housing impact my neighborhood & quality of life?

People often support more housing in general but worry about what it means near their own homes. Construction brings noise, dust, and traffic — real but temporary. The long-term picture is where the evidence points in one direction.

- New residents near transit are the **least likely to drive.**
- More residents means more customers for local businesses — more vibrant storefronts, cafes, and third spaces.
- Dense, walkable housing near transit is also the **greenest way to grow** and the most important legacy we can leave for residents who aren't yet here.

TRAFFIC & PARKING

Residents near Metro generate 44% fewer vehicle trips. Standard traffic impact analyses overestimate car use at transit-adjacent sites, systematically and significantly.

44%
fewer vehicle trips
(Cervero & Arrington 2008)

RETAIL & STREET LIFE

Retail runs on foot traffic. A corner café needs ~800 nearby households to survive. Every new building on Wisconsin Avenue is a new customer base for the next business that opens.

72 sq ft
of retail per household
(Active Living Research)

ENVIRONMENT & LEGACY

Dense, transit-served housing has the smallest carbon footprint per household.

−70%
CO2 vs national avg
urban apartments

“More housing will make traffic worse” – What the research actually shows

This is the most common objection to new housing near transit — and one of the most thoroughly refuted by data. Residents who choose to live near Metro and walkable corridors drive less by design. Standard traffic impact formulas were built for suburban car-dependent development. Applied to transit-adjacent housing, they systematically overestimate vehicle trips. The result is that dense, walkable housing gets blocked by the wrong benchmark.

FOUR THINGS THE EVIDENCE SHOWS

Transit-adjacent residents drive less — by choice and design

People who move near Metro do so partly because they don't want to drive. Cervero & Arrington (2008) surveyed 17 TOD projects in 5 metro areas: vehicle trips averaged 44% below ITE estimates. DC and Portland had the lowest rates in the study.

Standard traffic impact studies use the wrong formula

The ITE Trip Generation Manual was built for suburban car-dependent development. Ding & Taylor (UCLA, 2022): applying it to urban transit-adjacent housing systematically overestimates vehicle demand and has documented negative effects on housing production and affordability.

More housing near transit reduces regional driving

Nasri & Zhang (2014): DC-area TOD residents generate 38% fewer vehicle miles traveled than comparable non-TOD households. Building 20,000 homes near transit in California removed 40,000+ cars from the road annually (AHSC program, TransForm CA 2025).

Parking supply drives car ownership — not density

Oversupply of parking near transit is associated with higher vehicle ownership. Buildings that reduce parking in exchange for transit access produce lower car ownership rates. More parking induces more driving; transit access reduces it.

44%

Fewer vehicle trips TOD vs. ITE estimates
Cervero & Arrington 2008

38%

Less VMT, DC/Baltimore TOD vs. non-TOD Nasri & Zhang 2014

~50%

Of predicted car trips Portland TOD resident
PSU / TREC 2025

40,000+

Cars off the road from 20,000 homes near transit (CA AHSC)

WHY TRAFFIC STUDIES GET IT WRONG

Traffic Impact Analyses (TIAs) are required before most large housing approvals. But the models they rely on were built for car-dependent suburban development.

Applied to urban, transit-adjacent housing, they overestimate vehicle trips, sometimes dramatically. Dense, walkable housing gets blocked precisely because it's evaluated by the wrong standard.

"TIAs likely have negative effects on both urban housing production and affordability."
Ding & Taylor, UCLA (2022)

The ITE itself has acknowledged limitations of its data for urban contexts and now recommends local data collection — but the default formulas persist in most jurisdictions.

Citations — Traffic, Vehicle Trips & Transit-Oriented Development

REPORT / STUDY	ORGANIZATION	KEY FINDING
VEHICLE TRIPS — TRANSIT-ADJACENT HOUSING GENERATES FAR FEWER CAR TRIPS THAN PREDICTED		
Vehicle Trip Reduction Impacts of Transit-Oriented Housing	*Cervero & Arrington, Journal of Public Transportation (2008)*	Survey of 17 TOD housing projects in 5 US metro areas: vehicle trips averaged 44% below ITE estimates (3.75 vs 6.72/day). Rates particularly low in Washington, DC and Portland. Trip rates fell as neighborhood density increased. Authors recommend adjusting traffic impact fees for TOD.
TOD in Washington, DC and Baltimore — VMT Analysis	*Nasri & Zhang, Transport Policy (2014)*	DC-area TOD residents generate 38% fewer VMT; Baltimore, 21% fewer. Walkable retail near rail stations can boost transit commute share by up to 4%. Well-designed mixed-use TOD can boost transit use 5–6x higher than comparable car-dependent development.
Research shows Portland transit-oriented developments reduce car trips, especially at affordable housing sites	*Portland State University / TREC (2025)*	36 Portland TODs built 2018–2023 generate roughly half predicted car trips. Affordable housing sites: one-quarter to two-fifths. About 20% of TOD residents gave up or considered giving up a vehicle after moving. Affordable housing residents prioritize transit access above all other factors.
Traffic Trumps All: Traffic Impact Analysis and Urban Housing	*Ding & Taylor, UCLA / Journal of APA (2022)*	Standard TIAs systematically overestimate vehicle demand from higher-density urban developments where travel alternatives are plentiful. "TIAs likely have negative effects on both urban housing production and affordability." Biases the planning process against exactly the transit-adjacent housing that generates the fewest car trips.
Towards Safer Streets: TOD Impact on Road Safety in North America	*CARSP (2024)*	Pro-TOD cities like Washington DC, Boston, and Portland have seen transit ridership more than double over two decades, concurrently reducing average traffic fatality rates to nearly half the national average. TOD reduces car ownership by up to 44% and VMT by up to 38%.
PARKING, INDUCED DEMAND & CONGESTION		
Reducing Transportation Emissions Through Land Use and Transit Investment	*Urban Institute (2024)*	A neighborhood with 40% higher density has 9% lower per capita VMT. Households 5 miles from downtown drive 32% less than those 10 miles out. High-density, transit-accessible developments reduce household transportation expenditures and can cut particulate pollution by up to a third.
Generated Traffic and Induced Travel: Implications for Transport Planning	*Litman, Victoria Transport Policy Institute (2024)*	Highway widening returns to baseline congestion within a few years due to induced demand — 1% more lane-miles produces ~1% more VMT. Grade-separated transit provides compounding benefits over time. The most cost-effective congestion interventions are density, transit access, and pricing.
Traffic Congestion Is a Housing and Transit Problem	*TransForm California (2025)*	Building 20,000 homes near transit took 40,000+ cars off the road annually (CA AHSC program). Congestion is a symptom of jobs-housing imbalance and inadequate transit — not of density near transit. More housing near jobs means shorter, fewer, and less car-dependent commutes.
Building Housing in Walkable Neighborhoods: VMT and Density	*Terner Center, UC Berkeley (2025)*	Neighborhoods with higher housing density have substantially lower per-resident vehicle miles traveled. Dense, walkable housing near transit is among the highest-leverage interventions for reducing urban transportation emissions and car dependence.

Why are vacant storefronts and empty sidewalks a housing problem?

Retail and restaurants run on foot traffic. The more people who live within walking distance of a corridor, the more customers walk through the door on a Tuesday morning, grab coffee on a Wednesday, or linger on a Saturday afternoon. Research consistently shows that walkable, transit-rich neighborhoods with more residents support more local businesses, more diverse storefronts, and more of the third spaces, including bookstores, cafes, gyms, that make a place feel alive.

Friendship Heights sits on top of a Metro station with some of the highest household incomes in the DMV, yet attracting and retaining retail continues to be a challenge. A Georgetown University study named the diagnosis plainly: the corridor was **"built around retail, supported by shoppers rather than residents."** More homes don't threaten what makes Friendship Heights special. They fund it.

72 sq ft

Of neighborhood retail supported per household within walking distance

Active Living Research (2013)

A 50,000 sq ft shopping corridor needs roughly 2,500–3,300 households to sustain it. Without enough residents within walking distance, neighborhood retail cannot survive — regardless of how wealthy the surrounding zip code is.

~800

Households needed within walking distance to support a corner café or local store

Robert J. Gibbs retail thresholds (2025)

Retail follows population, not zoning. A corner store needs 800 households. A full-service grocery needs 5,000+ people within walkable reach. Every new apartment building on Wisconsin Avenue adds customers for the next business to open.

41%

Rent premium for walkable urban apartments vs. car-dependent equivalents

Smart Growth America, Foot Traffic Ahead 2023X

The market has already decided: density supports commerce, not the other way around. Walkable urban places contain 42% of all US office space while occupying under 1% of land. The most economically active places per acre are dense and walkable.

Local FH evidence: Georgetown School of Continuing Studies (SCS) (2021) | Montgomery Planning (2025) | Washington Post (2020) | Retail Dive (2021) | Foxes Sell Faster (2026) — all cited on the following slideem

Building for the Future: Green density, Legacy & Fair Share

The choices we make about housing are not just about today's residents. The zoning decisions made in Friendship Heights in the coming years will determine what kind of neighborhood our children and grandchildren inherit — whether it's a place they can afford, whether it has the shops and services that make daily life work, and whether it carries its fair share of the region's environmental and housing burden.

SMALLEST CARBON FOOTPRINT

Dense, transit-served housing has dramatically lower per-household greenhouse gas emissions than single-family suburban development. NYC apartment residents emit 70% less CO2 per capita than the US average. Sprawl is the emissions problem — not density.

Source: NYC EPA; Brookings; Urban Institute

−70%

CO2 per capita urban apt vs. national average

TODAY'S MARKET-RATE IS TOMORROW'S WORKFORCE

Housing built today becomes the naturally affordable stock of 2045. Rosenthal (2014, AER) found market-rate units are predominantly occupied by lower-income households within 20 years. Pew (2024) confirmed: every 10% supply increase correlates with 5% less rent growth — strongest in oldest, cheapest units.

Source: Rosenthal (2014); Pew (2024)

20 yrs

for new market-rate to predominantly serve lower-income households (Rosenthal, AER 2014)

TRANSIT INVESTMENT DEMANDS DENSITY

The Friendship Heights Metro serves two jurisdictions and anchors a walkable corridor — but it cannot reach its ridership or fiscal potential without the residential base to support it. Every new unit built near Metrorail increases the public return on decades of transit investment.

Source: Smart Growth America (2023); WMATA

41%

walkable urban rent premium vs. car-dependent equivalents (Smart Growth America, 2023)

Citations— Retail Vibrancy, Green Density, Legacy & Friendship Heights Evidence

REPORT / STUDY	ORGANIZATION	KEY FINDING
FRIENDSHIP HEIGHTS LOCAL EVIDENCE		
Georgetown SCS Urban Lab: Friendship Heights Needs Density	*Georgetown SCS Urban Lab (2021)*	Studio study identified the corridor's core problem: "built around retail, supported by shoppers rather than residents." More housing density — not more parking — is what sustains street-level businesses. Directly applicable to the Wisconsin Avenue corridor.
Montgomery Planning: Friendship Heights Sector Plan Update	*Montgomery Planning (2025)*	Last sector plan was 1998. Since then: rising retail and office vacancies, new development "slowed to a trickle." Plan explicitly connects the need for housing to commercial revitalization along Wisconsin Avenue.
Cheesecake Factory Closes After 34 Years: 'Built for Shoppers, Not Residents'	*Foxes Sell Faster (2026)*	January 2026 closure: "Large commercial footprints dominated Wisconsin Avenue, supported by shoppers rather than residents. That model became increasingly fragile." 34-year anchor tenant's departure exemplifies the corridor's structural retail problem.
DENSITY, RETAIL VIABILITY & WALKABLE ECONOMIC VITALITY		
Active Living Research: Business Performance in Walkable Areas	*Active Living Research (2013)*	Average household supports 72 sq ft of neighborhood retail. A 50,000 sq ft shopping corridor requires 2,500–3,300 households within walking distance. Without sufficient residential density, neighborhood retail cannot survive regardless of local income levels.
How Much Retail Can Your Community Actually Support?	*Alan Worldview / Robert J. Gibbs (2025)*	Retail follows population, not zoning. Corner store/café: ~800 households. Convenience center: 1,200–1,800. Full-service grocery: 5,000+ people within walkable reach. "When there are too few homes nearby, stores struggle to survive. Vacant storefronts follow."
Foot Traffic Ahead 2023: Walkable Urbanism & Economic Activity	*Smart Growth America (2023)*	Walkable urban places contain 42% of US office space, 30% of multifamily housing, while occupying under 1% of land area. Average 41% rent premium for walkable urban apartments vs car-dependent equivalents. Most economically productive areas per acre are dense and walkable.
GREEN DENSITY, CARBON, LEGACY & FAIR SHARE		
Brookings: Shrinking the Carbon Footprint of Metropolitan America	*Brookings Institution (2008, updated)*	Urban apartment dwellers have dramatically lower per-household carbon footprints than suburban homeowners. Compact, transit-served development reduces household transportation emissions 20–40% compared to car-dependent sprawl. Density near transit is among the highest-leverage climate interventions available.
Filtering: Market-Rate Units Become Affordable Within 20 Years	*Rosenthal, American Economic Review (2014)*	Robust evidence that market-rate units are predominantly occupied by lower-income households within 20 years. Housing built today at market rates becomes the naturally affordable stock of the 2040s — the homes available to the teachers, nurses, and workers of the next generation.
Rock Creek West Housing Production: 6.8% of Affordable Target	*GGWash (Feb. 2024)*	Rock Creek West produced 135 affordable units against a 1,990-unit target — 6.8% of its goal. Ward 3, one of DC's most transit-rich and opportunity-rich planning areas, has contributed under 5% of the city's new housing over the past decade.
New Housing Slows Rent Growth Most for Older, More Affordable Units	*Pew Charitable Trusts (2024)*	Every 10% increase in regional supply correlates with rents growing 5% less. Effect is strongest in the oldest, cheapest units — Class C apartments — the ones that lower-income renters actually live in. High-supply metros saw Class C rents decline while lower-supply cities saw them rise.

Why can't we just mandate that builders only build income-restricted housing?

One position you hear often in political campaigns is that we should remove private capital and private developers from the equation entirely and only build income-restricted affordable housing. Let's run a thought experiment to see what that would actually look like in DC.

DC PERMITTED ONLY 1,372 MARKET-RATE UNITS IN 2025 (DOWN FROM 5,000-8,000) IN 2026 PERMITS CONTINUE TO DECLINE

1,372

multifamily units permitted in 2025 (down from 5,000-8,000 just years earlier)

8×

public subsidy required per market-rate unit

$0

more market-rate units permitted than HPTF units (2025)

Filtering

delivers units to renter households within 20 years (Rosenthal 2014, AER)

DC'S HPTF PRODUCED 160 SUBSIDIZED UNITS PER YEAR

$530K

average cost per affordable unit built by DC HPTF (DC Policy Center, 2025)

160

units built per year at $100M annual HPTF investment

225 yrs

to build 36,000 units at current HPTF pace — DC's stated goal

$85M ↠ 3K

investing $85M in rent subsidies yields 3,000 affordable units
vs. 160 via HPTF

IF ONLY PUBLICLY FUNDED AFFORDABLE HOUSING WERE BUILT IN DC (THOUGHT EXPERIMENT)

$728M/yr

cost to replace even DC's collapsed 2025 production via public subsidy alone

7×

current HPTF budget would need to grow to replace even today's reduced market-rate pace via subsidy alone

38%

of DC's entire annual operating budget needed to replace even 2025's collapsed production via subsidy alone

Vienna / Singapore

the only places that approach 60–80% public housing took 60–100 years to build

Ensuring housing for low- and moderate-income families is essential, and public investment is critical. But newly built income-restricted housing requires very large subsidies. And market-rate production has collapsed: in 2025, DC permitted only 1,372 multifamily units, down from 5,000-8,000 just a few years earlier. In January 2026, only one building pulled a permit. Public funds alone cannot rebuild that pipeline. Market-rate and affordable housing are not competing choices. We need both.

Sources: DC Policy Center / Emilia Calma (2025-2026) | DC Policy Center: "Breaking the Scarcity-Subsidy Cycle" (2026) | True Ground Housing (2025) | DC HAND Housing Indicator Tool | GGWash / HPTF analysis (2024) | Rosenthal, AER (2014)

Citations — Neighborhood Quality, Health, Walkability & Community Benefit

REPORT / STUDY	ORGANIZATION	KEY FINDING	SOURCE URL
HEALTH, WALKABILITY & LIVABILITY RESEARCH			
Building Healthy Places Toolkit	*Urban Land Institute*	*Comprehensive toolkit documenting how building design, density, and land use mix affect physical activity, community health, walkability, and recreation. Dense, walkable housing near services produces measurably better public health outcomes across income levels.*	
The Impacts of Affordable Housing on Health: A Research Summary	*National Housing Conference (NHC)*	*Summarizes evidence linking housing stability, type, and location to health outcomes. Dense, mixed-income neighborhoods near transit and services support healthier lifestyles and better health outcomes than car-dependent suburban environments.*	
Housing and Livable Neighborhoods	*Harvard Joint Center for Housing Studies*	*Synthesizes research on how housing supply, density, and design affect neighborhood livability, walkability, public health, and economic activity. Dense, mixed-use housing near services produces better outcomes across all these dimensions.*	
The economic power of walkability in metro areas	*Brookings Institution (2019)*	*Dense, transit-served, walkable neighborhoods are the most economically productive per square mile and produce the lowest carbon footprints per household. Compact urban form is simultaneously the most economically efficient and environmentally*	
Foot Traffic Ahead 2023: Walkability and Economic Vitality	*Smart Growth America*	*Walkable urban places represent 42% of US office space and 30% of multifamily housing while occupying under 1% of land area. Walkability directly correlates with economic vitality, business retention, and retail viability — reinforcing the connection between housing density and commercial corridor health.*	

Citations — The Cost of Publicly Funded Affordable Housing

STUDY / SOURCE	ORGANIZATION	KEY FINDING
Housing Production and Preservation: Key to Securing DC's Future	*Emilia Calma, DC Policy Center (2025)*	Each affordable unit funded by DC's HPTF in 2022 cost over $530,000. At $100M/yr, the HPTF produces only 160 units annually. The same $85M invested in operational rent subsidies could deliver 3,000 affordable units for 15 years. Capital construction subsidies are the most expensive, least scalable tool available.
How Much Does It Cost to Build Subsidized Affordable Housing in the DC Area?	*True Ground Housing (April 2025)*	Based on 10 DC-area affordable projects built 2013–2025: average total development cost of $516,263 per unit (2025 dollars). Hard costs: $323,931. Soft costs: $142,803. Acquisition: $49,528. All projects included underground parking, typical in the DC market.
Understanding the District's Housing Production Trust Fund	*GGWash (Feb. 2024)*	Since 2015 the HPTF has invested ~$1B to build/preserve 8,200 units — about 120 units per $100M invested. A 30% AMI unit with rent capped at $910/mo runs a monthly operating deficit, requiring ongoing subsidy indefinitely. At $100M/yr, it would take 225 years to build 36,000 units at the current HPTF production rate.
Improving Housing Affordability by Reforming Inclusionary Zoning	*Emilia Calma, DC Policy Center (2026)*	$85M in operational rent subsidies ('Cash for Covenants') delivers 3,000 affordable units for 15 years. The same $85M in HPTF new construction delivers 160 units per year — nearly 19x less efficient. Capital subsidies for new construction are the least cost-effective path to affordability at scale.
HAND Housing Indicator Tool — DC Profile	*HAND / COG*	DC averaged 5,300 new units per year from 2010-2022. In 2024, permits dropped to just 1,239. In 2025, only 1,372 multifamily units were permitted, down from an annual range of 5,000-8,000 just a few years earlier. In January 2026, only one multifamily building pulled a permit, for 30 units. (DC Policy Center, “Breaking the Scarcity-Subsidy Cycle,” 2026)
Housing Framework for Equity and Growth	*DC Office of Planning / DHCD*	DC's goal: 36,000 new units by 2025, including 12,000 affordable. As of 2024, ~9,800 affordable units produced since 2019 — still short of the 12,000 goal after 6 years and $1.3B in HPTF investment. Rock Creek West produced 6.8% of its affordable housing target.
Vienna and Singapore: Social Housing at Scale — Context Note	*The Economist / comparative context*	Vienna's 60% social housing stock was built over more than 100 years with sustained public investment representing a large share of city budgets. Singapore's 80% public housing required an authoritarian state structure over 60 years. Neither model is replicable in the DC region on any near-term timeline without replacing virtually all other public spending.

Montgomery County: What if only income-restricted housing could be built?

A THOUGHT EXPERIMENT — We support building publicly funded affordable housing. This exercise models what would happen if it were the only tool allowed.

Montgomery County has invested heavily in affordable housing — more than $316M since FY2023. But at $516,000 per subsidized unit, public funds alone cannot build at the scale the county needs. MoCo's private market produced 2,300+ units per year before the county's 2024 rent stabilization law triggered a catastrophic collapse: from January-August 2024, MoCo issued 2,093 multifamily permits. In the same period of 2025, it issued just 54 — a 97% decline. Market-rate production has nearly halted; what activity remains is almost entirely publicly subsidized. Market-rate and affordable housing are not competing choices. We need both.

MOCO AVERAGED ~2,300 MARKET-RATE UNITS/YR — NOW COLLAPSED UNITS PER YEAR

54

multifamily permits issued Jan-Aug 2025 (down from 2,093 in same period 2024)

97%

decline in multifamily permits after rent control took effect (2024-2025) while rest of MD held steady

$0

public subsidy required per market-rate unit

305

MPDUs built in 2024 (last full year before collapse) new private MPDU permits have since dried up

DHCA / HOC PRODUCE ~400 SUBSIDIZED UNITS PER YEAR

$516K

avg DC-area cost to build one affordable unit (True Ground, 2025)

$108M

DHCA invested in FY25 for 1,827 units all subsidized; FY26 pace: $71.5M for 1,233 units with 4,500+ in pipeline

17,000+

MPDUs produced since 1973 — 51 years of MoCo's IZ program

52%

of MoCo renters face unaffordable housing costs (HAND, 2024)

IF ONLY AFFORDABLE HOUSING WERE BUILT (THOUGHT EXPERIMENT)

$1.2B/yr

annual cost to replace pre-collapse market-rate production via public subsidy alone

11×

DHCA's annual budget would need to grow to replace pre-collapse market pace via subsidy alone

18%

of MoCo's entire operating budget to replace pre-collapse market output via subsidy alone

64 years

to complete MoCo's COG 2030 goal remainder at current subsidized production pace

Sources: HAND Housing Indicator Tool — MoCo Profile | Jay Parsons analysis / MoCo Planning Dept. (2025) | Baltimore Banner (Feb. 2026) | MoCo DHCA FY25-FY26 Pipeline Report | MoCo County Executive press release (Mar 2026) | True Ground Housing (2025) | COG 2030 Regional Housing Targets

Citations — Montgomery County Affordable Housing Production & Cost

STUDY / SOURCE	ORGANIZATION	KEY FINDING
HAND Housing Indicator Tool — Montgomery County Profile	*HAND / COG (2024)*	*MoCo built 3,611 units in 2024, exceeding its annual COG target of 2,472. Cumulatively, MoCo has produced 15,304 units since 2019, meeting its 6-year target. But 52% of renters still face unaffordable housing costs, and the 2030 COG goal of 41,000 units requires sustaining above-average production for 5 more years.*
DHCA FY25 Affordable Housing Pipeline Report	*MoCo DHCA (Oct. 2025)*	*In FY25, DHCA invested $108.3M across 25 projects to create or preserve 1,827 affordable homes — a 61% increase over FY24. Since FY23, the County has invested $316M+ to create or protect nearly 4,400 affordable homes. Most of this investment includes both preservation and new construction.*
MPDU Annual Report 2024	*MoCo DHCA (2024)*	*305 new MPDUs were built in 2024, from 3,611 total units. 238 Agreements to Build were executed covering 1,495 total units. Since the program launched in 1973, over 17,000 MPDUs have been produced — an average of about 330 per year over 51 years. MPDUs are produced at zero public cost through the private market.*
How Much Does It Cost to Build Subsidized Affordable Housing in the DC Area?	*True Ground Housing (April 2025)*	*Average total development cost of $516,263 per unit across 10 DC-area projects built 2013–2025, all within the DC metro area including MoCo. At this cost, replacing MoCo's 2,300 annual market-rate units via public subsidy alone would require $1.19 billion per year — 11x DHCA's FY25 budget.*
More Housing N.O.W. Package — Montgomery County	*MoCo Council (Friedson/Fani-González)*	*Average MoCo home price hit $1.02M in 2024; prices up 6.5% while wages grew 1.5%. The county adds 6,500 residents per year but has averaged only 2,300 new housing units per year since 2010 — a structural undersupply that can only be addressed by increasing market-rate production alongside subsidized housing.*
2025 Maryland Housing Needs Assessment	*MD DHCD / UMD (2025)*	*Maryland needs 590,186 new units by 2045. Low-density zoning and APFOs are identified as primary drivers of cost and production constraints. Montgomery County's share of this need requires sustained market-rate production alongside public subsidy — the two tools are complementary, not competing.*
One Possible Housing Crisis Solution: A New Kind of Public Housing	*NPR (Oct. 2024)*	*HOC's $100M revolving fund enables MoCo to build mixed-income housing without waiting for federal funds. But even HOC's own senior VP notes: 'We're using all the federal tax credits up every year and it's not enough.' The fund enables more production — but still depends on private financing and market-rate units to make projects pencil out.*

Can't we just make developers add dedicated affordable housing to their market-rate projects?

Yes, and those units matter to the families who get them. But the DC Policy Center's Emilia Calma — testifying before DC Council in March 2026 — put it plainly: in practice, IZ has **"produced few units, increased market rents, and diminished overall housing production."** IZ functions as a tax on new development: the cost of below-market units must be recovered somewhere and they are: through higher rents on market-rate tenants, thinner developer margins, or projects that never get built at all.

DC Policy Center Evidence

- In 17 years, DC's IZ program has produced fewer than 300 affordable units per year — in the entire city (Calma, DC Policy Center, 2026)
- Only 3% of DC's 138,000 rental units are IZ units. Over half the city's rental stock is rent-controlled; 22% is subsidized through other programs (Calma, DC Policy Center, 2025
- IZ units are concentrated in Wards 5 and 6 where multifamily zoning is allowed. Very few exist in Wards 3 and 4, where exclusionary single-family zoning prevents density (Calma, 2026)
- $85M invested in 'buying down' existing rents delivers 3,000 affordable units. The same $85M through new HPTF construction delivers only 160 units per year (Calma, DC Policy Center, 2025)

MPDUs work the same way next door. Montgomery County's program, often held up as a national model, requires 12.5 to 15 percent of units in qualifying developments to be set aside as moderately priced. But the same logic applies: that cost has to land somewhere, and with multifamily permitting having collapsed in MoCo, the number of MPDUs produced collapses right along with it. A mandate that depends on overall production to generate affordable units becomes self-defeating when it also makes that production harder to sustain.

The right framing is not either/or. Market-rate and subsidized housing are complementary tools. Inclusionary set aside requirements work best when markets are strong, density bonuses are large enough to offset costs, and requirements are calibrated. Set too high or without adequate offsets, it suppresses the very supply it is meant to ride. Portland, Seattle, Boston, Los Angeles, and DC all show versions of the same pattern: poorly calibrated IZ either kills projects, pushes them below the threshold, or just makes market-rate units more expensive. The goal should be to lower the cost and friction of building all types of housing.

<300/yr
affordable units produced annually by DC's IZ program in the entire city since 2009 (DC Policy Center / Calma 2026)

−64%
drop in Portland multifamily permits after IZ took effect — 2017 avg vs pre-IZ 5-year avg (Up For Growth, City Observatory)

20:1
market-rate units lost per affordable unit created in some LA modeling scenarios (Terner Center / UCLA, 2024)

Citations — The DC Policy Center Evidence Base

STUDY / SOURCE	ORGANIZATION	KEY FINDING
DC POLICY CENTER — LOCAL EVIDENCE ON DC'S IZ PROGRAM		
Improving Housing Affordability by Reforming Inclusionary Zoning	*Emilia Calma, DC Policy Center (March 2026)*	Testimony before DC Council DHCD Oversight Hearing. IZ has "produced few units, increased market rents, and diminished overall housing production." IZ rents are set hundreds of dollars below LIHTC rates; the gap drives higher market-rate rents. Lease-up takes 13+ months due to DHCD admin bottlenecks. Recommends phasing out mandatory IZ and replacing with preservation funds and operational subsidies. Draws from forthcoming report Breaking the Scarcity-Subsidy Cycle.
Housing Production and Preservation: Key to Securing DC's Future	*Emilia Calma, DC Policy Center (March 2025)*	Only 3% of DC rental units (4,400) are IZ units — in 17 years of the program. $85M annually in 'buying down' existing rents would deliver 3,000 affordable units; the same $85M through HPTF new construction produces only 160 units per year. Permits for multifamily units dropped to just 1,239 in 2024, down from 7,234 in 2022 — context for how little IZ can contribute when the pipeline is this thin.
Housing Density as an Economic Driver for DC	*Emilia Calma, DC Policy Center (Feb. 2025)*	Testimony before DC Council Committee of the Whole. IZ requirements add cost and friction to projects that are already struggling to pencil out. Recommends by-right zoning expansion, eliminating parking minimums and IZ requirements in areas where the density bonus has no value to offer.
Housing and Affordable Housing in D Zones: Expanding IZ Would Backfire	*Emilia Calma, DC Policy Center (Nov. 2022)*	Expanding IZ into Downtown commercial districts (D Zones) would be "a pure cost" because these zones allow maximum density. Imposing IZ in areas where the density bonus mechanism has already been exhausted creates a direct development disincentive with no offsetting benefit.
Appraising the District's Rentals — Inclusionary Conversions	*Yesim Sayin / Emilia Calma, DC Policy Center (2020–2021)*	Original DC Policy Center proposal for the 'Inclusionary Conversions' model — using existing rent-controlled stock to create designated affordable units through subsidy, rather than mandating new construction. This approach is faster, cheaper, and reaches more of the city. Subsequently adopted by DC as 'Cash for Covenants.'
DC Auditor: Inclusionary Zoning Program Review	*DC Office of the Auditor (Nov. 2024)*	Independent audit confirms persistent IZ administrative failures: extended vacancy periods while units await DHCD processing, complex income verification, unclear timelines. The audit validates the DC Policy Center's findings that the program creates friction for both housing providers and eligible households.

Citations — Peer-Reviewed Research: Inclusionary Zoning Raises Prices and Suppresses Supply

STUDY / SOURCE	ORGANIZATION	KEY FINDING
FOUNDATIONAL PEER-REVIEWED STUDIES		
Upzoning with Strings Attached: Evidence from Seattle's MHA Program	*Krimmel & Wang, Journal of Regional Science & Urban Economics (2026)*	Difference-in-differences with hyper-local fixed effects: permitting declined in MHA zones relative to adjacent non-MHA areas. Developers shifted projects to avoid affordability mandates. Only high-intensity upzonings offset IZ costs — rare in practice. The most rigorous recent IZ study, directly published 2026.
Modeling IZ's Impact on Housing Production in LA	*Terner Center / UCLA Lewis Center (2024)*	IZ functions as a tax on development in LA. "Increasing IZ requirements may not produce substantially more below-market units, and is very likely to reduce future housing production." In some model scenarios, net loss exceeded 20 market-rate units per 1 affordable unit created.
Do Inclusionary Zoning Policies Affect Local Housing Markets?	*Lu, Urban Studies (2025)*	National quasi-experimental study of 331 IZ jurisdictions. IZ resulted in average 2.1% increase in home prices. More stringent mandatory IZ had higher impacts on home prices. "IZ's market effects varied based on market conditions and the time elapsed since policy adoption."
Silver Bullet or Trojan Horse? Effects of IZ on Local Housing Markets	*Schuetz, Meltzer & Been, Urban Studies / NYU Furman Center (2011)*	Foundational study. Panel data from SF metro and suburban Boston: IZ contributed to increased housing prices and lower rates of production during periods of price appreciation. "The amount of affordable housing produced under IZ has been modest and depends primarily on how long IZ has been in place."
Housing Market Effects of Inclusionary Zoning	*Bento, Lowe, Knaap & Chakraborty, HUD Cityscape (2009)*	California study 1988–2005: IZ caused prices to increase 2–3% faster than comparable cities without IZ. IZ also caused a shift from single-family to multifamily construction and reduced single-family home size. "The results are fully consistent with economic theory and demonstrate that IZ does not come without costs."
Inclusionary Zoning and Housing Market Outcomes (Baltimore-Washington)	*Hamilton, HUD Cityscape (2021)*	Directly relevant to FHA's cross-border corridor. Average mandatory IZ program in the Baltimore-Washington region created only 9.2 below-market units per year. Evidence that IZ increases market-rate house prices. Optional density bonus programs largely failed to attract developer participation.
The Exclusionary Effects of Inclusionary Zoning: Economic Theory and Empirical Research	*Manhattan Institute, 2021*	Both economic theory and empirical evidence suggest that inclusionary zoning mandates function as a tax on new development that typically produces very few affordable units while potentially reducing overall housing construction enough that the harm to low-income households from lost market-rate supply may outweigh the direct benefit of the below-market units created.

Citations — City Case Studies: What Happened When IZ Was Tried

STUDY / SOURCE	ORGANIZATION	KEY FINDING
PORTLAND, OR — THE CAUTIONARY TALE		
The Cautionary Tale of Portland's Inclusionary Housing Policy	Up For Growth (2019/updated 2022)	After IZ took effect in February 2017, annual multifamily permits fell 64% — from 3,915/year (2012–2017 average) to 1,429/year. Number of 21-25 unit buildings dropped to zero; 16-20 unit buildings rose 143% as developers built just below the 20-unit IZ threshold. Policy appears to be 'diminishing the supply of housing at nearly all income levels.'
Portland IZ: Wile E. Coyote Moment — Apartment Completions Down 67%	City Observatory (2021)	Portland apartment completions fell ~67% in the years following IZ adoption. Permits for 21-25 unit buildings vanished entirely. The exemption for sub-20-unit buildings created a permanent distortion — cities can now count missing 22-unit buildings wherever IZ thresholds exist.
Oregon's New Path: Fully Funded and Flexible IZ (SB 1521)	Sightline Institute (March 2026)	Oregon passed SB 1521 to ban unfunded IZ mandates — the first such law in the US. Portland reversed course in 2024, fully funding its IZ program with property tax abatements. After funding: share of sub-20-unit buildings returned to normal. Key lesson: 'We only get those homes if private-sector projects move forward, and they only move forward if the financials make sense.'
Now Fully Funded, Portland's Affordability Mandate Should Be a Model	Sightline Institute (2024)	Before full funding, share of new homes in 12-to-19-unit buildings (below threshold) approximately doubled. Hundreds of homes likely never built at all due to unfunded IZ cost gaps. 'Thirty percent of zero would be zero' — the reform's core logic.
SEATTLE, BOSTON, MINNEAPOLIS, BALTIMORE		
Seattle MHA 5-Year Evaluation (2025)	City of Seattle / OPCD (2025)	Official city evaluation: development shifted from low-rise zones to neighborhood residential zones outside MHA. Townhome construction dropped after April 2019 MHA adoption; interest rates only rose in 2023 — long after the decline began. MHA provided "limited value" to townhome developers whose product type couldn't use extra height.
Inclusionary Zoning in Massachusetts: Solution or Delusion?	Pioneer Institute / Harvard (Oct. 2025)	2024 Harvard study: Boston's IZ increase from 13% to 17% set-asides could reduce new units created by 5–12%. Outside Boston and Cambridge, most MA IZ programs produced a paltry amount of affordable housing. 43% of MA communities with IZ reported zero units produced as of 2004 (Schuetz et al.).
Baltimore IZ: 27 Units Since 2009	Hamilton, HUD Cityscape (2021) / Baltimore data	Baltimore's IZ program, effective 2009, produced only 27 units in its first decade. The program provides a 20% density bonus — but developers who can show the bonus doesn't cover IZ costs can receive waivers. Nearly all have done so. Result: a nominally mandatory program that produces almost nothing.

Citations — The Broader Evidence Base: Scale, Lottery Problem & Synthesis

STUDY / SOURCE	ORGANIZATION	KEY FINDING
THE SCALE PROBLEM: IZ PRODUCES TOO FEW UNITS TO MATTER AT SCALE		
The Exclusionary Effects of Inclusionary Zoning (literature synthesis)	*Manhattan Institute (2023)*	Comprehensive multi-institutional review (UC Berkeley, NYU Furman, HUD, George Mason). Conclusion: IZ programs "consistently produce too few units to be more than a minor part of housing affordability programs" across all jurisdictions studied. The critique is empirical and crosses ideological lines.
A Lottery Isn't the Answer to Our Housing Problems	*City Observatory (2016, updated)*	IZ housing lotteries are "more about symbolism than large-scale results." When thousands of income-eligible households compete for a few dozen units, the result is not housing policy — it is a lottery. DC has over 7,700 registered IZ households competing for units that arrive with no regular schedule.
31 Flavors of Inclusionary Zoning	*Schuetz, Meltzer & Been, JAPA (2009)*	Definitive comparison of IZ across SF, DC, and suburban Boston. Amount of affordable housing produced "varies considerably, both within and across regions." Programs that grant density bonuses and exempt smaller projects produce more units — but the density bonus must be large enough to actually offset costs.
WHEN IZ WORKS — AND HOW TO CALIBRATE IT		
Study Highlights Housing Tradeoffs in IZ Policies — LA TOC Program	*NAHB / UCLA Lewis Center (2024)*	LA's Transit Oriented Communities program at 11% IZ requirement boosted below-market units with minimal negative consequences — suggesting a calibration sweet spot. Going beyond it risks reducing total supply faster than it adds affordable units. Design matters as much as intent.
Evaluating Inclusionary Zoning Policies	*Local Housing Solutions / NYU Furman Center (2023)*	IZ works best where: housing markets are expensive; traditional zoning is strict; density bonuses are large enough to offset costs; and there is strong political support for growth. "This is a context-sensitive tool, not a universal solution." Framework for evaluating local IZ programs against four outcome measures.
Supply Skepticism Revisited — Supply and Subsidy Are Complementary	*NYU Furman Center (2023)*	Meta-analysis consensus: supply and subsidy work together. The correct framing is not market-rate vs. affordable housing — it is "both/and." Restricting market-rate supply to try to force affordable unit production through IZ undermines both goals simultaneously.

Citations — What Can We Do? Zoning Reform,& Enabling Tools

REPORT / STUDY	ORGANIZATION	KEY FINDING
ZONING REFORM, FORM-BASED CODES & POLICY TOOLS THAT WORK		
Bringing More Affordable Housing and Density to DC's Affluent Neighborhoods	*Urban Land Institute / Urban Land Magazine (2023)*	Case studies of ULI award-winning projects delivering affordable housing and density to high-income, high-opportunity neighborhoods like Ward 3 and Friendship Heights. Covers ADUs, small area plan densification, density bonuses, mixed-use development, and historic preservation reform as tools. Directly models what FHA is advocating for.
Reshaping the City: How Urban Land Use Regulation Can Enable Housing for All	*ULI Report (2023)*	Comprehensive analysis of zoning reform, form-based codes, and land use tools that enable housing production. Covers ADUs, transit-oriented development, density bonuses, removing barriers to smaller-scale development, and by-right approvals. Directly applicable to the Wisconsin Avenue corridor upzoning.
Montgomery County Attainable Housing Strategies Initiative	*Montgomery Planning*	Montgomery County's initiative exploring how to allow more housing types that moderate-income households can afford, particularly along corridors like Wisconsin Avenue. Addresses the gap between luxury market-rate and deeply subsidized housing — the missing middle.
Breaking the scarcity-subsidy cycle: A new housing vision for the District of Columbia	*DC Policy Center 2026*	D.C.'s housing crisis stems from a self-reinforcing cycle in which supply-constraining policies drive up costs, forcing the city to rely on subsidies that treat the symptom rather than the cause.

Glossary of Terms

As-of-right or by-right: Development that's allowed under current zoning without needing special approval, a variance, or a discretionary public hearing. A project that's as-of-right can move faster and more predictably to construction, since the developer already knows the rules and doesn't have to win a political fight to build it. The opposite, requiring case-by-case approval for each project, adds time, cost, and uncertainty that can keep projects from penciling at all.

Chain migration: Not to be confused with the immigration term, in housing this refers to the chain of moves triggered when new housing gets built. A new unit gets filled, which frees up the resident's old unit for another household, which frees up that household's old unit, and so on down the chain. Even market-rate construction can end up loosening up affordable units further down the chain, because everyone moves up a notch.

Entitlement: The legal approvals a property needs before it can be developed, including zoning clearance, permits, and design review. A site can be "entitled" without a shovel ever hitting the ground; entitlement is the paperwork and approval phase that comes before construction.

Exclusionary zoning: Zoning rules that effectively keep certain kinds of housing, and the people who'd live in it, out of an area. This usually means rules limiting a neighborhood to large detached single-family homes only, banning duplexes, triplexes, or apartments outright. The effect, intended or not, is to keep land prices and entry costs high enough that only wealthier households can move in.

Filtering: The process by which housing ages and becomes more affordable over time, even without any subsidy. A unit built as upscale new construction in 1995 is often a more affordable rental by 2026, simply because it's no longer the newest thing on the market. Filtering is one reason building enough housing at any price point matters, today's market-rate unit can become tomorrow's affordable one.

Household formation: The rate at which new, independent households are created, as when young adults move out on their own, roommates split up, or couples separate. Every new household needs somewhere to live, so household formation is one of the basic drivers of housing demand, separate from population growth alone.

Induced demand: A concept borrowed from transportation planning (where widening a highway just attracts more drivers until it's congested again) sometimes applied, often wrongly, to housing. The claim is that building more homes just attracts more people who fill up the new supply, so the area never gets more affordable. In reality, housing and highways behave differently: regions that build more housing relative to demand do see prices grow more slowly than regions that don't.

Glossary of Terms (cont.)

Pencils: When a project "pencils," it makes financial sense, meaning the math works out to a profit, even a thin one. If a project doesn't pencil, no amount of community support or good intentions will get it built, because no one will finance it.

Regressive: A policy that costs lower-income people more, proportionally, than it costs higher-income people. Parking minimums and restrictive zoning are often described as regressive, since the added cost of compliance gets baked into rents and home prices, hitting renters and lower-income buyers hardest, even though they're not the ones requiring the parking spot or larger lot.

Upzoning: A change to zoning rules that allows more housing, height, or density on a piece of land than was previously permitted. The Wisconsin Avenue rezoning under ZC Case 25-13 is itself an example of upzoning, since it raises the ceiling on what can legally be built.

Alphabet Soup: Decoding Industry Acronyms

AHSC: Affordable Housing and Sustainable Communities

CPI: Consumer Price Index

GGWash: Greater Greater Washington blog and website

HAND: Housing Association of Nonprofit Developers

HPTF: Housing Production Trust Fund

ITE: Institute of Transportation Engineers

NAHB: National Association of Home Builders

NMHC: National Multifamily Housing Council

PSU / TREC: Portland State University Transportation Research and Education Center

SCS: Georgetown University School of Continuing Studies

TIA: Traffic Impact Analysis

TOD: Transit Oriented Development

VMT: Vehicle Miles Traveled.

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