HAND

Executive Summary: The Housing Indicator Tool 4.0
More work to be done, an opportunity to rise to the occasion

Overview

The Housing Indicator Tool (HIT), developed in collaboration with the Urban Institute, provides a comprehensive assessment of the affordable housing landscape in the Greater DC, Baltimore, and Richmond areas. It highlights a severe affordable housing shortage for households with low and middle incomes, indicating the need for thousands of new units in the coming decade. The HIT offers insights into regional and local progress against local household growth projections, empowering stakeholders to pivot strategies and increase housing supply for a more equitable region. Now in its fourth year, we have more robust data.

With estimated annual goals of 25,013, 8,178, and 4,312 net new units in the Greater DC, Baltimore, and Richmond areas, respectively, the HIT sets a benchmark for addressing the pressing housing needs. It combines data from over 20 local jurisdictions on housing outcomes, context, and policies, providing a comprehensive understanding of the housing landscape unlike any other regional tool.

For decades, racist and discriminatory policies and practices such as redlining, racial covenants, and urban renewal initiatives have perpetuated segregation and limited housing options for people of color. These systemic injustices have entrenched disparities in wealth accumulation, educational attainment, and overall well-being, perpetuating cycles of poverty and exclusion. Moreover, the Capital Region's escalating housing costs have further exacerbated these inequalities, displacing long-standing residents and eroding the socioeconomic fabric of neighborhoods.

In this context, the HIT 4.0 offers more robust data and a multi-pronged approach to confront housing inequity head-on. With additional regional dashboards, an increased focus on homeownership, and a streamlined look and feel, the HIT offers users key insights on how to affect housing development with targeted approaches. By tracking key metrics, trends, and policy approaches, the tool empowers real estate developers, community advocates, policymakers, philanthropy, employers, and other institutions to identify disparities, monitor progress, and implement interventions that promote inclusive and equitable housing opportunities for all.

A distinguishing feature of the HIT is its granularity, breaking down housing goals into specific monthly cost price bands based on household income. This level of detail equips policymakers with insights into the quantity and depth of affordability required in

each local housing market, enabling targeted interventions to address the housing crisis effectively.

Through collaborative efforts and informed decision-making guided by the HIT, those involved or affected by housing development can dismantle the barriers perpetuating housing inequity and foster vibrant, resilient communities where everyone has access to safe, affordable, and dignified housing. As we embark on this journey towards housing justice, the Housing Indicator Tool is a pivotal resource, driving transformative change.

The following executive summary offers insight into the 2023 data with context on how regional partners can address the housing development gap.

What the Latest Data Shows
The 2023 data reveals significant insights into housing trends and affordability challenges in both the Greater DC and Baltimore regions. These trends, while concerning, present an opportunity to address the root causes of inequity and growth stagnation.

- Greater DC region: In 2023, 21,325 new housing units were added, falling short of the targeted 25,000 units. There was a slight increase from 2022 in committed affordable units in 2023, with 2,551 units added, although still below the target of approximately 13,600. Since 2019, 13,565 new committed affordable units have been added. However, the data reveals a pressing need for more affordable units across income levels, particularly for households with incomes below 30 percent of the area median income (AMI).

- Greater Baltimore region: Four jurisdictions in the Greater Baltimore area added 2,967 new units in 2023, signaling ongoing development. There was a significant increase in committed affordable units, with 1,071 units added in 2023, compared to 136 units in 2022, indicating positive progress in addressing affordability challenges.

- All jurisdictions in the Capital Region must do more to produce affordable units, particularly the lowest-cost units. In 2023, jurisdictions in the HIT only added 415 units affordable to households with incomes below 30 percent of the area median income (AMI), 633 units for those with incomes between 30 and 50 percent of AMI, and 2,574 units for those with incomes between 50 and 80 percent of AMI.

While there have been strides in adding housing and affordable housing units, the HIT underscores the persistent need for more development. Collaborative efforts are essential to address these challenges and ensure equitable access to housing across income levels in both regions.

Produce, Preserve, Protect: Working Together for Impact
Several factors may contribute to reduced housing production across the region. The pandemic-induced rising interest rates, decreased subsidies, and increased material costs have created obstacles for the broader housing ecosystem, hindering new housing construction and the preservation of existing affordable housing. Federal subsidies are winding down as the nation approaches restoring normalcy. These limited resources - critical for developers - present financial barriers, stymying production and access.

Historically marginalized and disproportionately affected by escalating costs, BIPOC communities bear the brunt of housing shortages and affordability crises. When housing production slows, these communities are often impacted first and hardest, facing heightened barriers to accessing safe, affordable housing options.

Furthermore, the intersectionality of factors such as income inequality, discriminatory lending practices, and housing segregation exacerbates the challenges faced by BIPOC communities. Limited access to affordable housing perpetuates cycles of poverty and instability, further widening the racial wealth gap.

As housing production continues to lag behind demand, it is imperative that we take a cross-sector approach to preserve and produce housing and protect vulnerable residents. In the HIT, we have outlined a series of actions sectors can take to contribute toward a sustainable and equitable housing market in the Capitol Region. These calls to action require activation from everyone: faith-based institutions, community members, organizers, advocates, the real estate development community, philanthropy, finance, nonprofit organizations, and the public sector. Everyone has a role.

Expanding the HIT
Since the HIT 3.0, HAND and its research partner, the Urban Institute, have worked to introduce new features to make the data more accessible for a broad spectrum of users. We are excited about these advancements. Here is what you can expect in the latest version:

- New Regional Dashboards: We are introducing regional dashboards for the Greater DC, Baltimore, and Richmond regions. These dashboards aggregate policies, housing outcomes, and contextual data for all jurisdictions within each region. They provide a comprehensive overview of housing dynamics, facilitating informed decision-making and stakeholder collaboration.

- Potential Homebuyers by Race: A new graphical feature in the Housing Context section estimates potential homebuyers by race for each jurisdiction. This graphic focuses on renter households headed by individuals aged 45 or younger with household incomes ranging from 50 to 120 percent of AMI, providing valuable insights into the size of this group across race and ethnicity. With this information, we can better understand who may benefit from homeownership assistance programs and affordable homeownership opportunities.

- Expansion of Coverage: Welcoming three jurisdictions in the Greater Richmond region – the City of Richmond, Henrico County, and Chesterfield County – to the tool. While not yet participating in the survey, their inclusion in the dashboards provides contextual data to enrich our understanding of housing markets in these areas, fostering collaboration and knowledge sharing.

- Focus on Affordability: The data highlights the pressing need for affordable housing, particularly for households with the lowest incomes in all jurisdictions. Despite progress, the data reveals gaps in affordability, emphasizing the importance of targeted interventions to address housing inequities and ensure access to housing across income levels.

These new features and expansions enhance the HIT's functionality and relevance, empowering our members and partners with valuable insights to address evolving housing challenges. We hope you find great value in this latest version.

Regional Wins Since HIT 3.0

- In March 2024, the Maryland Department of Housing and Community Development opened applications for their UPLIFT program, which addresses homes impacted by appraisal gaps by accelerating new construction and rehabilitation of quality affordable housing.
- In February 2024, the DC Office of Planning proposed reducing parking requirements for publicly assisted affordable housing in smaller buildings close to transit.

- In February 2024, the Montgomery County Council passed a bill to amend the existing Right of First Refusal (ROFR) law to allow the County Executive to designate a qualified entity that may exercise the right of first refusal. This would alleviate the county's need to purchase a residential rental building outright before selling it to a qualified entity like a non-profit or tenant organization.
- The City of Alexandria approved Zoning for Housing zoning changes in December 2023; these changes will enable up to four units, with restrictions, to be developed on parcels previously zoned only for single-family homes.
- The Metropolitan Washington Council of Governments finalized its Regional Fair Housing Plan in 2023 and submitted it to the U.S. Department of Housing and Urban Development in December 2023. The plan focuses on strategies to increase access to housing access, affordability, resources, and inclusivity and was a shared effort of eight local jurisdictions: the City of Alexandria, VA; Arlington County, VA; the District of Columbia; Fairfax County, VA; City of Gaithersburg, MD; Loudoun County, VA; Montgomery County, MD; and Prince William County, VA.
- In December 2023, Loudoun County passed the Zoning Ordinance Rewrite, including Chapter 9: Attainable Housing, which seeks to implement their Unmet Housing Needs Strategic Plan through the creation and preservation of three attainable housing programs: Affordable Dwelling Units, Unmet Housing Needs Units, and Affordable Housing Units.
- In December 2023, the Baltimore City Council unanimously passed its inclusionary housing bill. The bill requires developers to build residential housing with more than 20 units to set aside up to 15% of units for people below the median income in the Baltimore area.
- In November 2023, the City of Richmond announced a partnership with LISC, in which LISC committed $50 million to be deployed over the next five years to create affordable housing. The funds will match the city's commitment of $50 million—totaling $100 million.
- The Fairfax County Board of Supervisors adopted the Parking Reimagined project in September 2023 and became effective beginning January 2024. The changes allow for lower minimum parking requirements in areas of the county with higher density and better transit available.
- Since approving their "Missing Middle" zoning changes in March 2023, Arlington County has approved almost 30 Expanded Housing Options (EHO) Permits and continues to add more Missing Middle homes.

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