# Executive Summary: The Housing Indicator Tool 5.0

*Meaningful progress made, sustained action and investment essential to keep up momentum*

**Bottom Line**
The latest iteration of the Housing Indicator Tool (HIT) survey demonstrated a positive year for housing production in the region, but also signaled a potential slowdown as the current housing cycle begins to level off.

- **Housing production in the Capital Region increased in 2024.** Greater DC produced 25,930 units of housing in 2024 (compared to 21,325 units in 2023). Greater Baltimore produced 6,980 units of housing in 2024 (compared to 5,543 units in 2022).

- **Building permits for new housing in the Capital Region decreased in 2024.** Greater DC has seen fewer building permits issued every year since 2021. The region saw 16,604 permits issued in 2024, down from 25,415 in 2021.

- **Jurisdictions in the region have room to improve on zoning policies.** Eight jurisdictions in the region have 75% or more of residential land zoned only for single-family housing. Only six jurisdictions allow for multifamily development on a majority of residential land within a half mile of high-capacity transit.

**Overview of the HIT**
Housing& and the Urban Institute are pleased to present the fifth iteration of the Housing Indicator Tool (HIT) which 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. 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.

The HIT sets a benchmark for addressing the pressing housing need in the region. To meet the need, Greater DC has an estimated annual goal of 25,013 net new units, Greater Baltimore has an estimated annual goal of 8,178 net new units; and Greater Richmond has an estimated annual goal of 4,312 net new units. The HIT 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 and failure to produce sufficient housing supply have further exacerbated these inequalities, displacing long-standing residents and eroding the socioeconomic fabric of neighborhoods.

In this context, the HIT 5.0 offers more robust data and a multi-pronged approach to confront housing inequity head-on. With regional and jurisdictional dashboards and new policy questions focused on each jurisdiction's approach to zoning, the HIT 5.0 offers users key insights on how to support increased housing development and preservation with targeted approaches. By tracking key metrics, trends, and policy approaches, the tool empowers real estate developers, community advocates, policymakers, philanthropists, lenders, employers, universities, hospitals, investors, 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 in or affected by housing development can dismantle the barriers perpetuating housing inequity and foster vibrant, resilient communities where everyone has access to safe and affordable housing. As we embark on this journey towards housing justice, the Housing Indicator Tool is a pivotal resource, driving transformative change.

**What the Latest Data Shows**

The 2024 data reveals significant insights into housing trends and affordability challenges in the Capital Region. These trends show important progress on housing production and preservation, as well as the need to do more to keep up the momentum and fully meet the demand for affordable housing.

- **Greater DC region:** in 2024, 25,930 new housing units were added, exceeding the targeted 25,013 units for the second time since data collection began for the HIT in 2019. Additionally, in 2024, the Greater DC region produced 4,542 committed affordable units, more than 1,000 more than any other year. Nevertheless this amount was still below the target of 13,567. Since 2019, 18,064 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) for which only 1,480 units since 2019 have been built.

- **Greater Baltimore region:** Five jurisdictions in the Greater Baltimore area added 6,980 new units in 2024, signaling improvement in overall housing production. Greater Baltimore continued to add committed affordable units, though not at the same level as 2023, with 734 units added in 2024, compared to 1,071 units added in 2023. This indicates the need for further policy improvements to keep up the positive momentum of recent years.

- **Richmond, Virginia:** we are excited to welcome the City of Richmond to the list of jurisdictions that completed the HIT survey in 2024. Richmond produced 143 committed affordable units and preserved 296 existing committed units in 2024.

- **More is needed to meet the need in the Capital Region.** Although the region produced more housing this year than in the past, building permits for new construction are declining. For example, in Greater DC, building permits have fallen every year since 2021, when they peaked at 25,899 permitted new units, compared to 16,604 permitted units in 2024.

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

**Housing Equity is Foundational to Racial Equity**

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: the public and private sectors, community members, the real estate development community, the philanthropy and finance sectors, and non-profit institutions like universities, hospitals, and faith-based institutions. Everyone has a role.

**Produce, Preserve, Protect: Policies to Improve Housing Outcomes**

Although production generally increased in the region, there are reasons for concern that this trend will not continue and that the region faces an oncoming downcycle of housing production. Reduction of the federal workforce, the loss of pandemic-era federal funding, rising interest rates, increased material costs, and skyrocketing insurance premiums are causing the housing production cycle in the Capital Region to slow. Jurisdictions must ensure they are using every tool in the HIT's policy toolkit to spur the **production, preservation, and protection** of more affordable housing.

Three policies new to HIT 5.0 focus on a jurisdiction's approach to zoning and land use. The survey found:

- Twelve out of 21 jurisdictions surveyed have zoning that allows for housing variety, meaning that at least 25% of their residential land allows for duplexes, quadplexes, middle-density multiplexes, or larger multifamily development. **Residential zoning that allows a wide range of housing types allows neighborhoods to be inclusive, multigenerational, and economically diverse.**

- **Only six of the 21 jurisdictions surveyed allow for multifamily housing on more than half of residential land within a half mile from high-capacity transit.** Dense residential development around transit stations increases the number of residents who can access jobs and amenities (e.g., groceries, restaurants, and childcare), reduces development expenses, and improves transit ridership.

- **Only six of the 21 jurisdictions surveyed allowed a majority of multifamily development applications to proceed by-right, as opposed to through a special exception or discretionary review process.** Clear, by-right zoning standards that enable a multifamily development to pass through standard administrative review in a timely manner makes for more affordable housing.

Improving a jurisdiction's zoning policies is a vital means of producing more housing at all income levels and creating more housing options for residents.

**What You Can Do: Calls to Action for Every Sector**

The HIT provides calls to action for every sector, because we know that everyone has a role to play in improving housing outcomes in their community. For example, the public sector can implement and improve policies. Non-profit institutions like universities, hospitals, and faith-based institutions can leverage their land to provide needed housing. Philanthropy can provide much needed gap funding to create more affordable housing. Community members can speak out at public hearings in support of more housing. Lenders can invest in affordable housing. Find your call to action on the HIT here.

**Regional Wins Since HIT 4.0**

- April 2024: Rockville passed legislation allowing attached Accessory Dwelling Units.
- July 2024: Fairfax County revised its workforce housing program to make for-sale units viable in more locations and to buyers in a lower range of incomes.
- October 2024: Baltimore City created a first-of-its-kind affordable housing tax increment financing (TIF) program targeting vacant housing.
- October 2024: Henrico County established its Affordable Housing Trust Fund with $60 million in previously unbudgeted revenues from data centers.
- October 2024: the District of Columbia passed legislation improving its Emergency Rental Assistance Program (ERAP), improving the housing ecosystem for affordable providers.

- February 2025: Maryland Governor Wes Moore signed into law legislation to remove local government barriers to the construction of affordable housing and to promote increased housing density in some places.
- April 2025: Falls Church City Council unanimously approves by-right Accessory Dwelling Units on most single-family lots.
- April 2025: Prince William County introduced and funded legislation creating an Affordable Housing Trust Fund, backed by a commitment of $30 million by FY 2029.
- April 2025: Loudoun County adopted its FY 2026 budget and increased the affordable housing allocation from half a penny to a full penny of its real property tax rate, for a total of $17 million.
- April 2025: Fairfax County approved its FY 2026 budget with an increase of a quarter penny of the real estate tax to affordable housing, dedicating $42.44 million and supporting the fast-tracking of affordable developments.

For questions, please contact Steven Palmer, Housing&'s Director of Public Policy, at spalmer@housingand.org.