

Socioeconomic Impacts of a Mixed Housing Development: Walter Reed Case Study

Regional Economic Models, Inc.

History of Walter Reed

Topic Overview

Traditional Simulation & Results

New Look at Affordable Housing

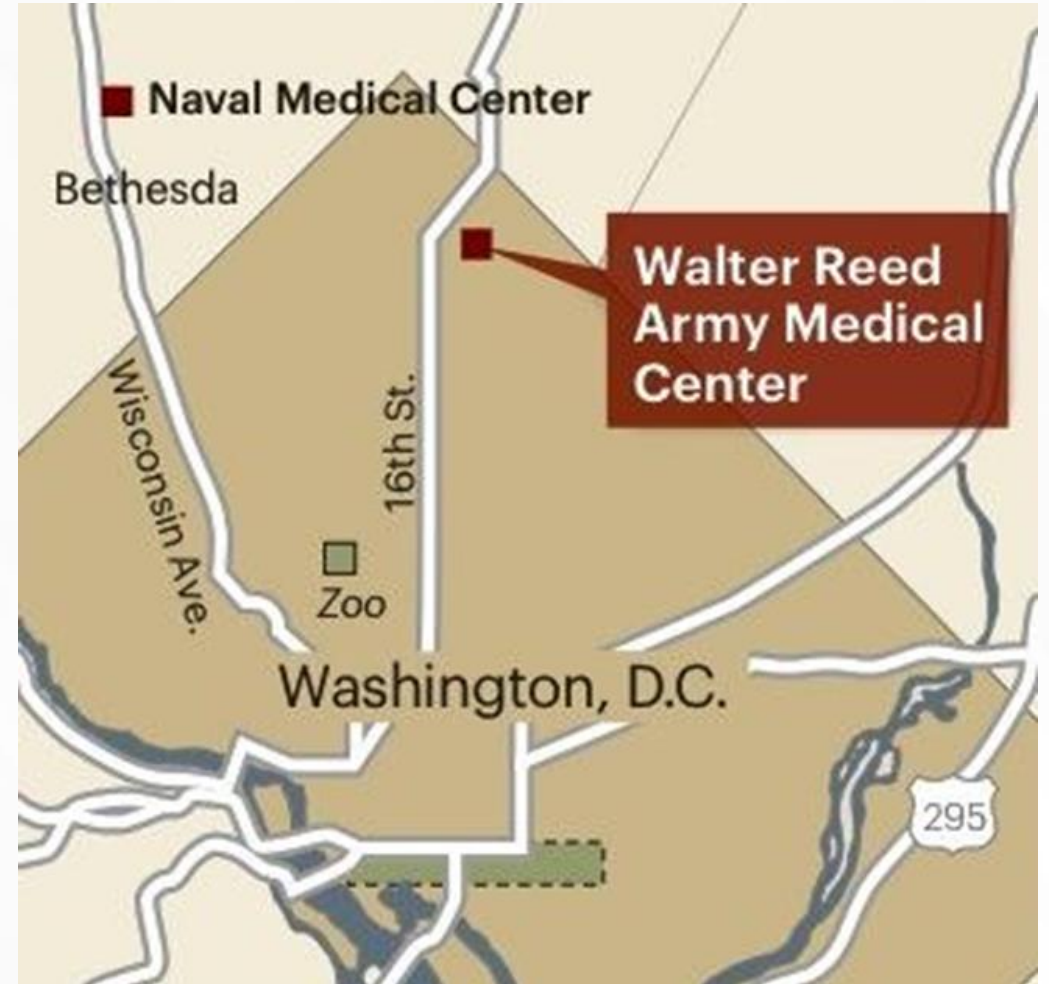
Notable Results

Conclusion

Q&A

History of Walter Reed

- The Parks is located at the former Walter Reed Army Medical Center site
- 1909 – 2011: The Walter Reed Army Medical Center was the primary army hospital
- 2005: The Base Realignment and Closure (BRAC) Commission recommended that the hospital merge with the Bethesda Naval Medical Center
- April 2017: Mayor Bowser broke ground on The Parks at Walter Reed marking the start of the redevelopment



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*what does **REMI** say?sm*

Introduction

- The development contains a mixture of office, retail, and housing space
- The development will offer 2,370 units of housing of which 465 are designated as affordable housing
- The Parks will also house 77 veterans who formerly experienced homelessness along with assisted living services



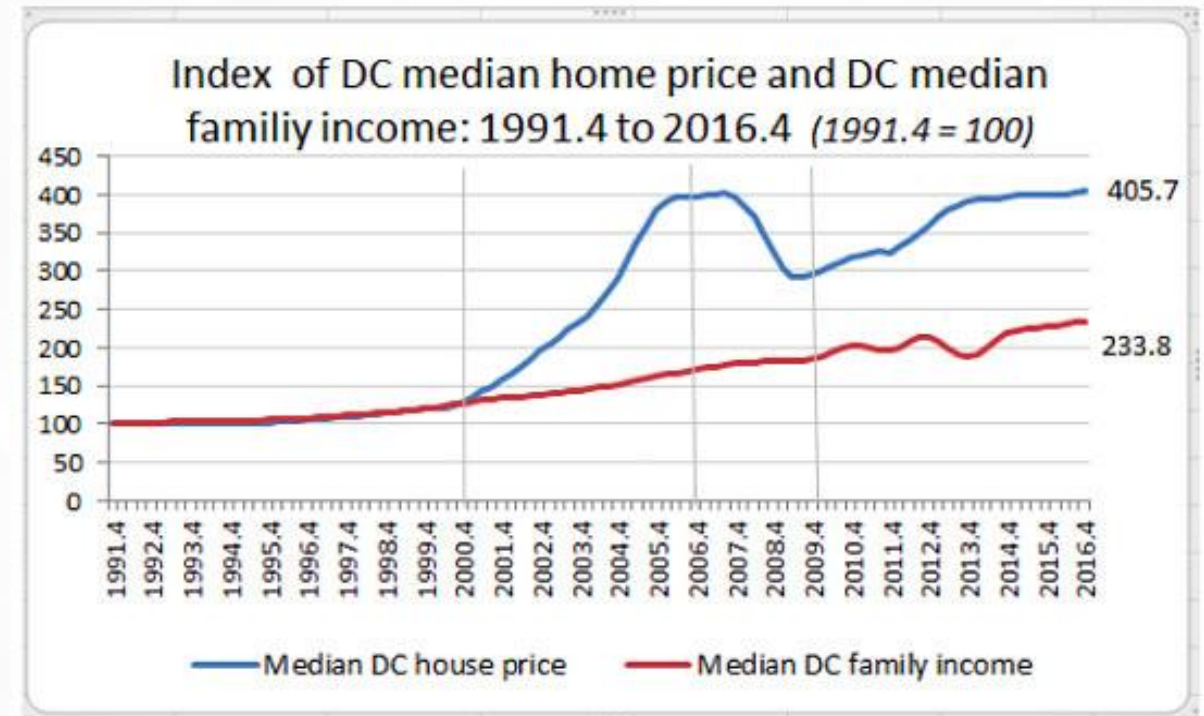
What is Affordable Housing?

- Housing in which the occupant is paying no more than 30% of gross income housing costs
- Includes many different programs and practices
 - o Tenant-Based Rental Assistance
 - o Project-Based Affordable Housing
 - o Low-Income Housing Tax Credit



The Necessity for Affordable Housing

- North Dakota is the only state where a renter working full-time at the federal minimum wage can afford a two-bedroom apartment without spending more than 30% of their income on housing.
 - o Source: National Low Income Housing Coalition
- National shortage of affordable housing of more than 7 million out of the over 11 million extremely low-income households
 - o Source: Urban Institute

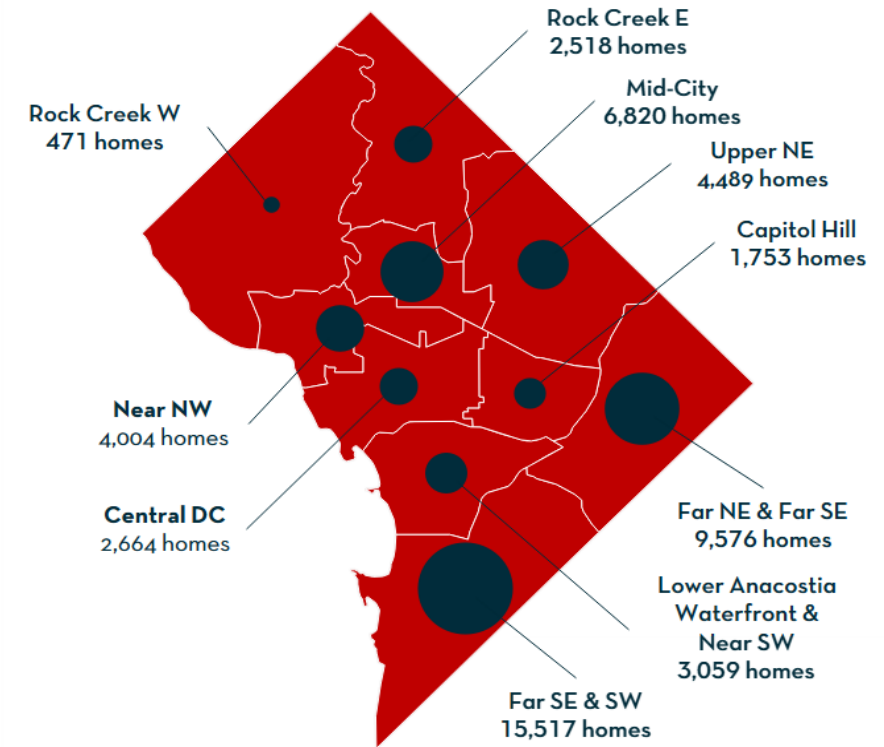


D.C. Office of Revenue Analysis (May 2017)

DC's Affordable Housing Initiative

- In 2019, Mayor Bowser set an initiative to create a total of 36,000 new housing units and a goal of 12,000 new affordable housing units
- \$100 Million has been allocated to the Housing Production Trust fund every budget since 2015
- DC also wants to spread out the affordable housing

Distribution of Affordable Housing in the District by Planning Area



Affordable Housing at The Parks



- 2,370 total housing units
- 465 affordable units
 - 114 (0-30%) AMI* Units
 - 146 (31-50%) AMI* Units
 - 205 (61-80%) AMI* Units
- These units are priced to make sure residents aren't spending a large amount of their income on housing
- In Washington DC, there is a requirement that most new (and some renovated) residential developments include some affordable homes

*AMI: % of Area Median Income



Objective of this Study



Find the economic impacts of affordable housing

- Affordable housing is a complicated topic, so we aim to inform policymakers and developers on how affordable housing units can impact a community
- Though affordable housing addresses the needs of lower income quintiles, we want to explore how they impact everyone in the community

Further the conversation on affordable housing

- Affordable housing is often debated as a cost issue, so we will ground the conversation with concrete predictions
- We don't want to take a side on affordable housing, but we will provide concrete predictions to be interpreted in whatever way clients see appropriate

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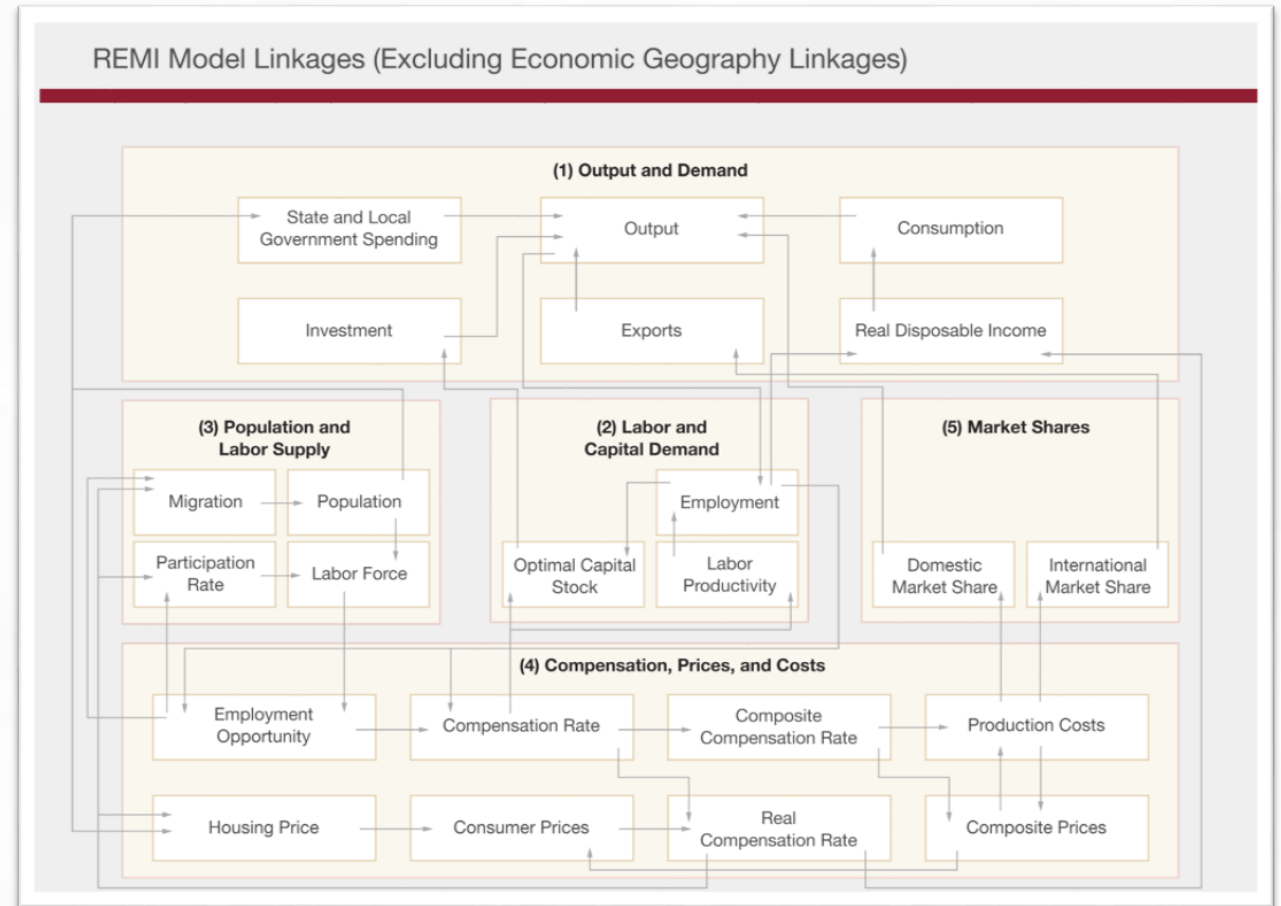
what does *REMI* say?sm

Model Simulation: REMI PI⁺



PI⁺ is the premier software solution for conducting dynamic macroeconomic impact analysis of public policy.

As our flagship model, PI⁺ specializes in generating realistic year-by-year estimates of the total local, state, and national effects of any specific policy initiative.



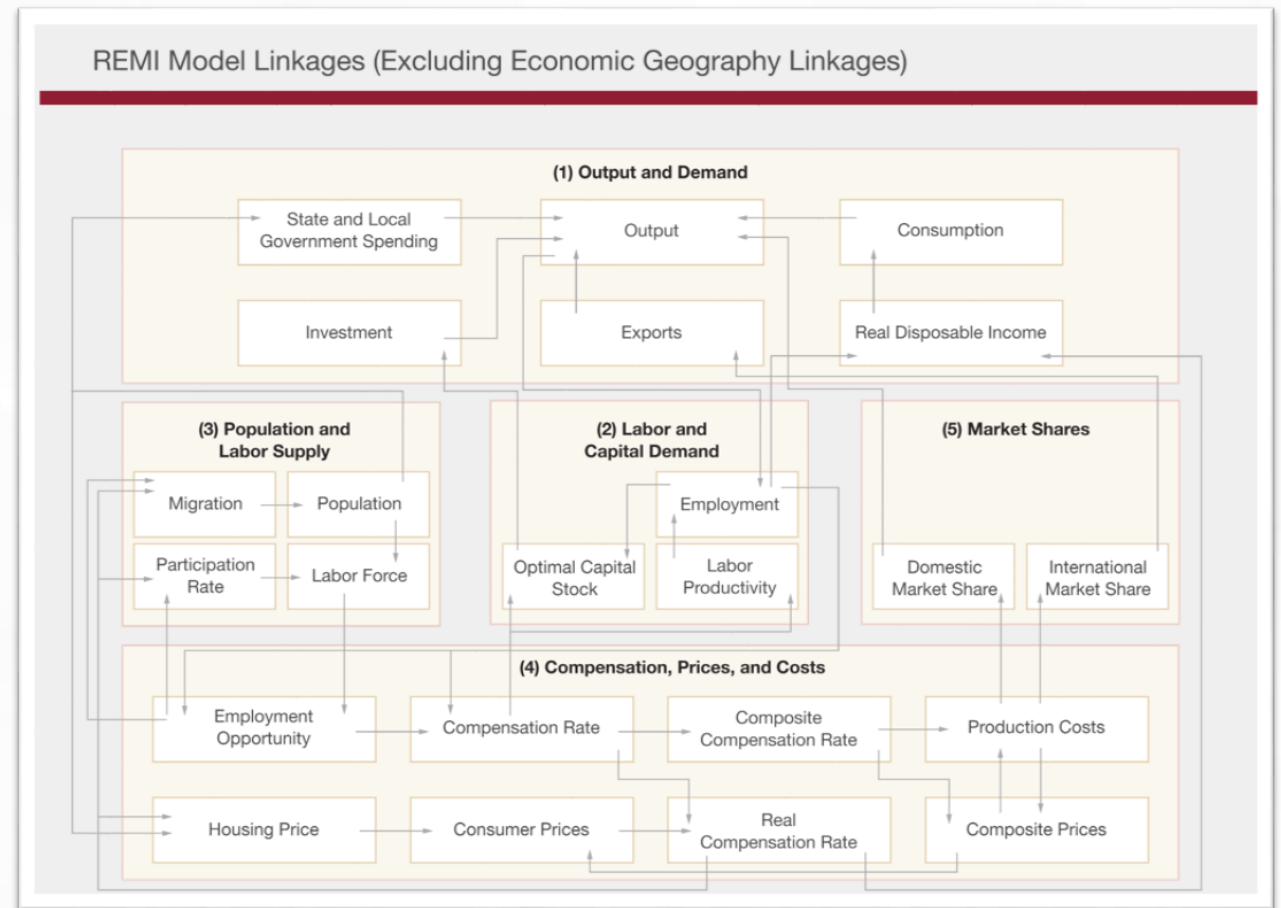
what does **REMI** say?sm



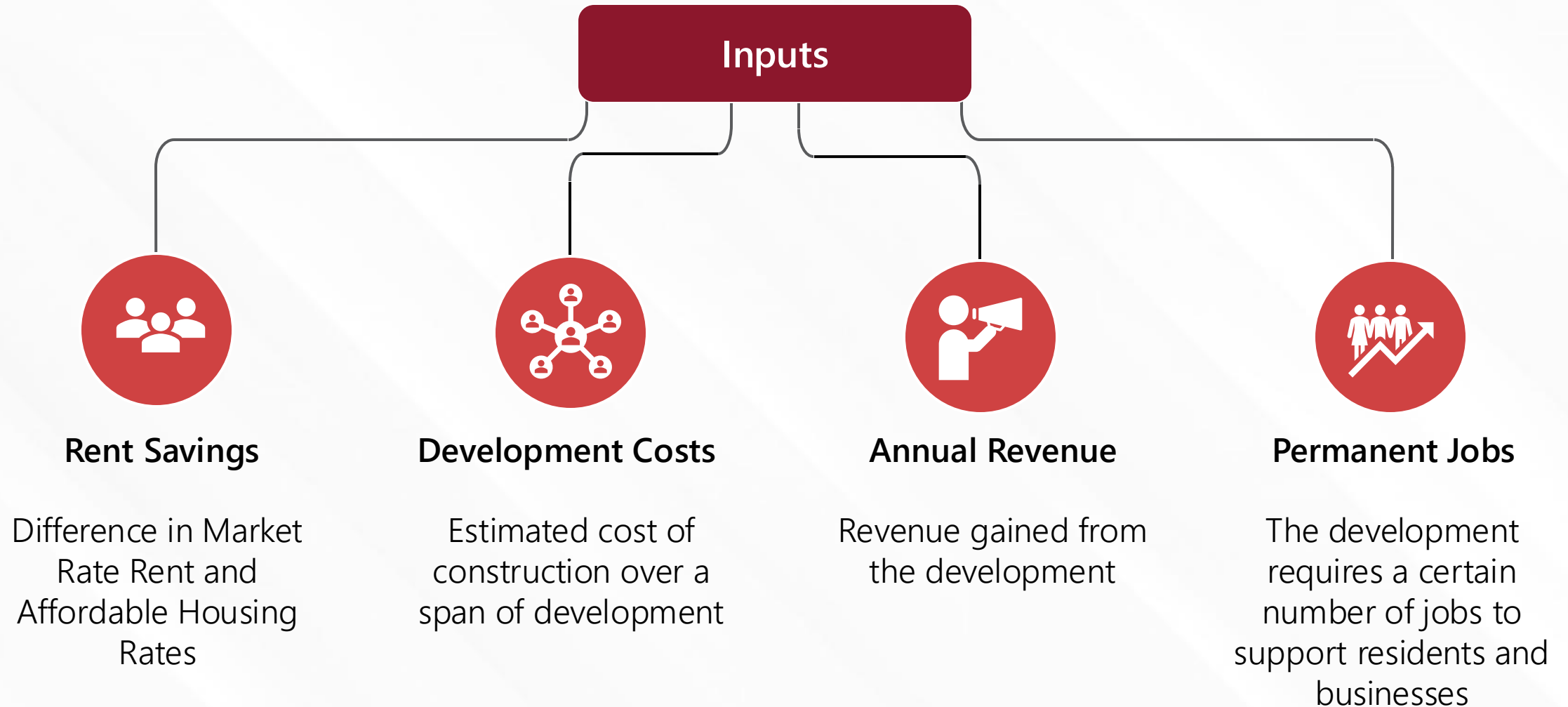
REMI SEI can be added to any REMI model to assess the core socioeconomic implications of proposed programs and practices.

REMI SEI can report:

- Jobs and Labor Force by race/sex
- Income by quintile
- Inflation impact by income
- Jobs by educational attainment



Traditional Economic Impact Analysis



Estimating Affordable Housing Rate Difference



We found the Multi-Family Rent Rates for the Affordable Dwelling Units and Inclusionary Zone Units

0-30 AMI Rates					31-50% AMI Rates					61-80 AMI Rates				
114 Units					146 Units					205 Units				
	Min	Max	Mean	75% Quartile		Min	Max	Mean	75% Quartile		Min	Max	Mean	75% Quartile
Co-Living	0	520	260	390	Co-Living	520	850	685	767.5	Co-Living	1040	1390	1440	1302.5
Studio	0	700	350	525	Studio	700	1140	920	1030	Studio	1390	1840	1615	1727.5
1 Bed	0	740	370	555	1 Bed	740	1230	985	1107.5	1 Bed	1480	1970	1725	1847.5
2 Bed	0	880	440	660	2 Bed	880	1480	1180	1330	2 Bed	1780	2360	2070	2215
3 Bed	0	1040	520	780	3 Bed	1040	1730	1385	1557.5	3 Bed	2080	2770	2425	2597.5
4 Bed	0	1170	585	877.5	4 Bed	1170	1970	1570	1770	4 Bed	2360	3160	2760	2960

Assumptions:

- All the housing units are rental properties
- Since 0-30% AMI don't qualify for inclusion zone rate, we assumed they would pay the maximum rate
- 31-50% and 61-80% AMI would pay the 75% quartile as the development is newly built
- We spread the units across the four rental properties, which was a mixture of Co-Living, Studio, and 1-3 Bed units

Detailed Model Inputs

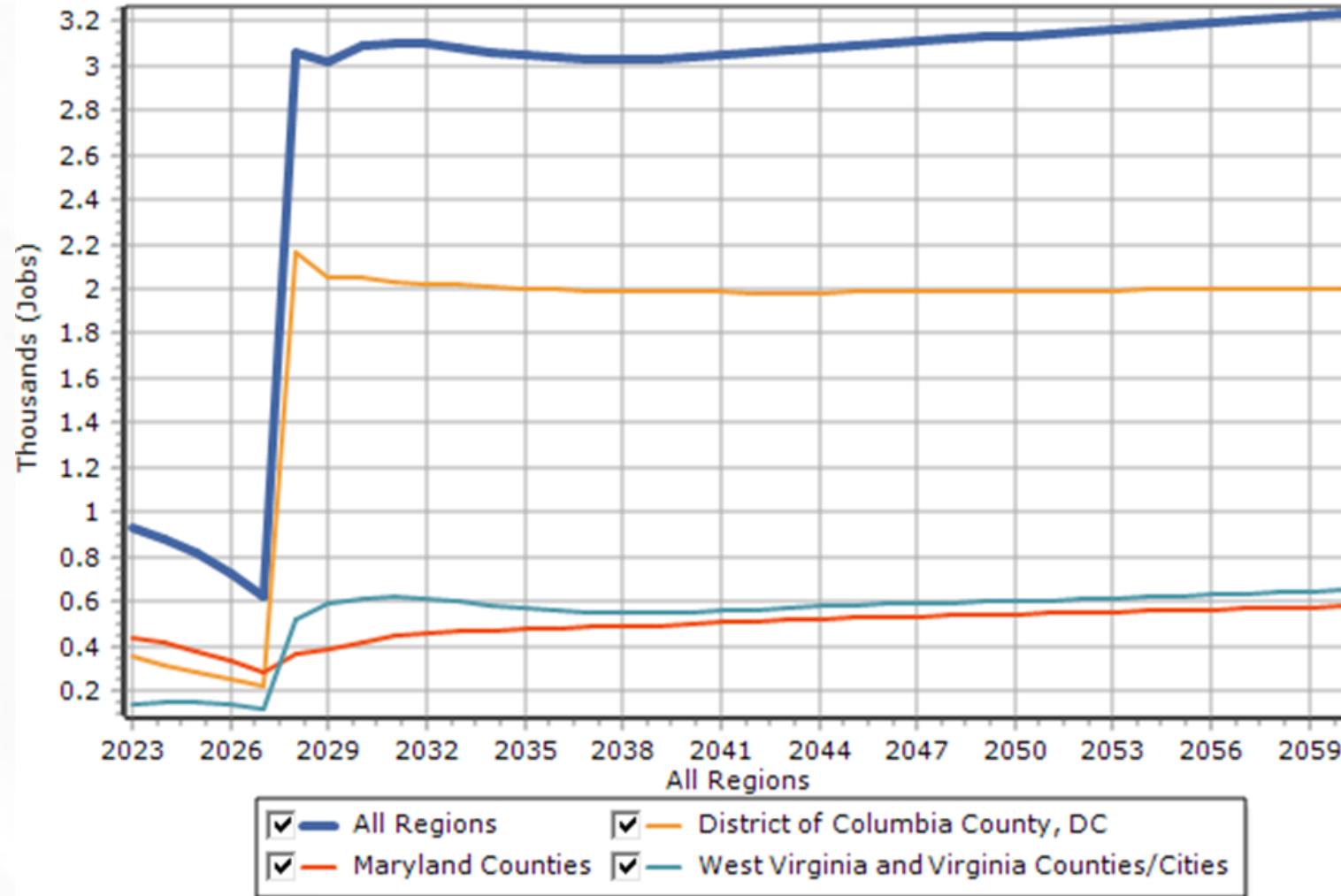


Policy Variable Inputs															
Active	Edit	Group													
<input checked="" type="checkbox"/>				Rent Savings											
Active	View	Category	Detail	Region	Units	2023	2024	2025	2026	2027	2028	2029	2030	2	
<input checked="" type="checkbox"/>		Consumer Price	Rental of tenant-occupied nonfarm housing	District of Columbia County, DC	2022 Fixed National \$ (M)	0	0	0	0	0	-7.4700772	-7.4700772	-7.4700772	-7.4	
<input checked="" type="checkbox"/>				Development Costs											
Active	View	Category	Detail	Region	Units	2023	2024	2025	2026	2027	2028	2029	2030	2	
<input checked="" type="checkbox"/>		Investment Spending	Details (2)	District of Columbia County, DC	2022 Fixed National \$ (M)	100	100	100	100	100	0	0	0	0	
<input checked="" type="checkbox"/>				Annual Revenue											
Active	View	Category	Detail	Region	Units	2023	2024	2025	2026	2027	2028	2029	2030	2	
<input checked="" type="checkbox"/>		Detailed Industry Sales (Exogenous Production)	Multifamily residential structures	District of Columbia County, DC	2022 Fixed National \$ (M)	0	0	0	0	0	37	37	37	37	
<input checked="" type="checkbox"/>				Permanent Jobs on Property											
Active	View	Category	Detail	Region	Units	2023	2024	2025	2026	2027	2028	2029	2030	2	
<input checked="" type="checkbox"/>		Employment	Industry Employment: Details (4)	District of Columbia County, DC	Units	0	0	0	0	0	1600	1600	1600	1600	

- Change in consumer price: difference in affordable housing rate and market rate
- Investment spending: estimated \$1 billion investment over 10 years
- Annual Revenue: \$37 million in revenue each year
- Employment Jobs: 1600 jobs needed for management, retail, administrative, and residential care positions

what does **REMI** say? sm

Employment Results



what does **REMI** say?sm

Employment by Industry



2030	2045	2060
1. Administrative and Support Services: 1080	1. Administrative and Support Services: 1103	1. Administrative and Support Services: 1130
2. Retail Trade: 587	2. Retail Trade: 508	2. Retail Trade: 446
3. Construction: 306	3. Construction: 245	3. Construction: 230
4. Nursing and Residential Care: 148	4. State and Local Government: 167	4. Nursing and Residential Care: 193
5. State and Local Government: 145	5. Nursing and Residential Care: 159	5. State and Local Government: 170

Jobs created

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Methodology

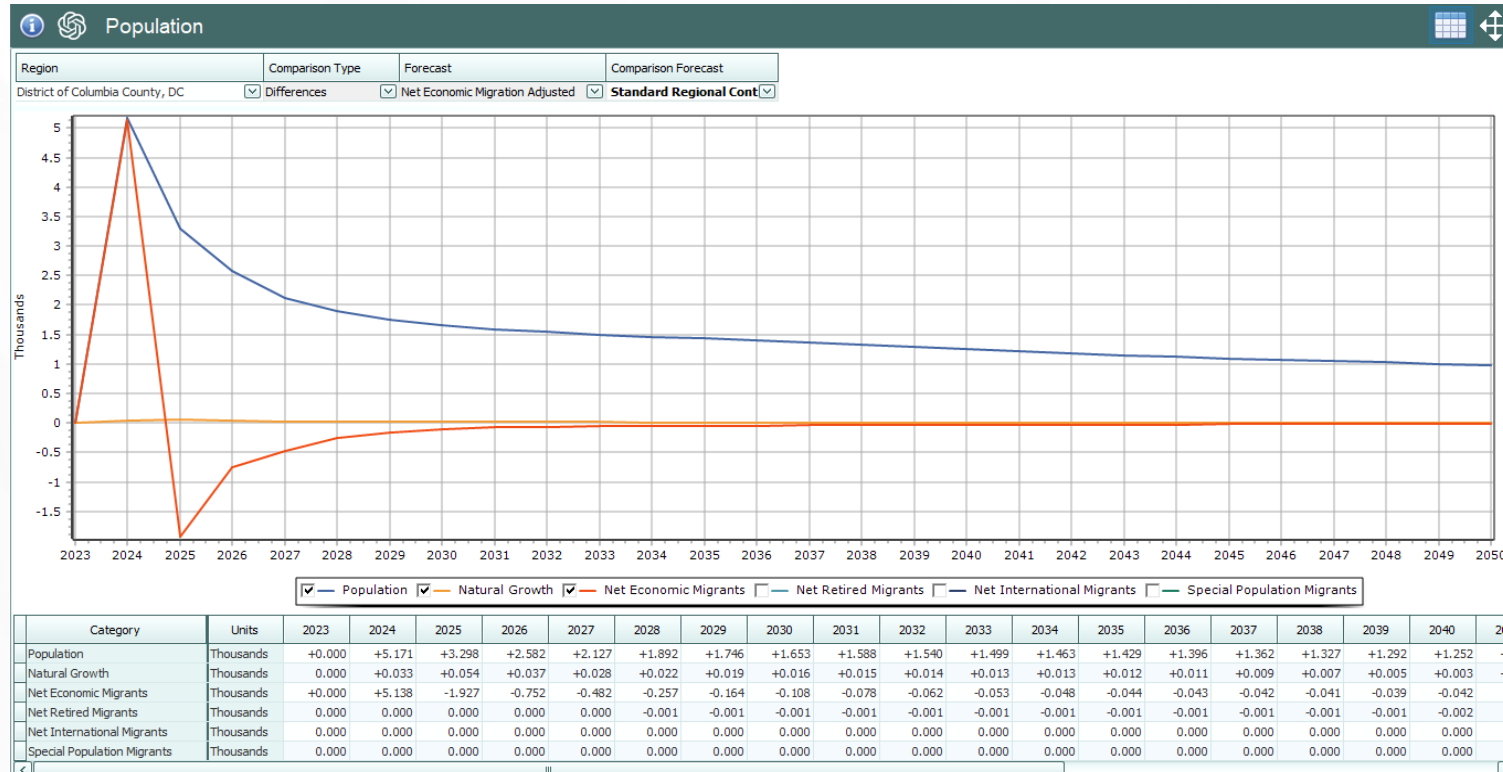
Traditional

- The traditional way of looking at affordable housing looks at developments as standard housing with a few affordable units
- This is usually used when looking at whether an investment will make profits in the future

Our New Look

- Looking at a mixed-use development outside of the costs and profits has unseen benefits
- Looking at a development as a community captures the impact of the people living there rather than the building itself
- Impacts that are found reflect the people living there and what they can contribute to the economy

Our New Methodology



5,000 people added in 2024*

- To model the affordable housing aspect, we assumed that the people in the development can afford their housing. Therefore, they won't move out of the area because they would have no financial reason to do so
- Year by year, we adjusted the migration to adjust for the negative net migration

what does REMI say?sm

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Employment

- A new group of people brings employment to an area

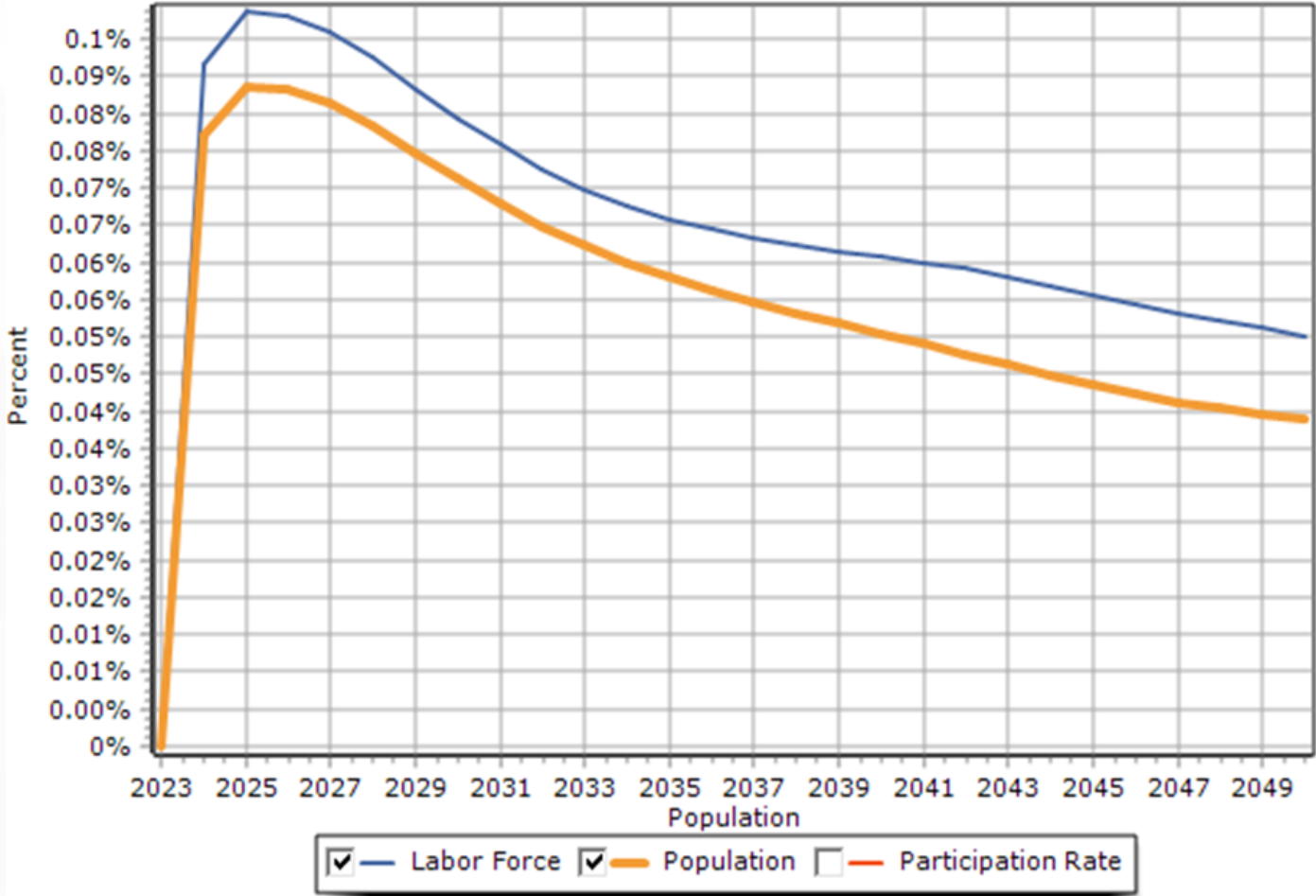
Compensation

- How does compensation differ among industry income quintiles?

Investment

- How will the development influence the future of Washington, D.C.

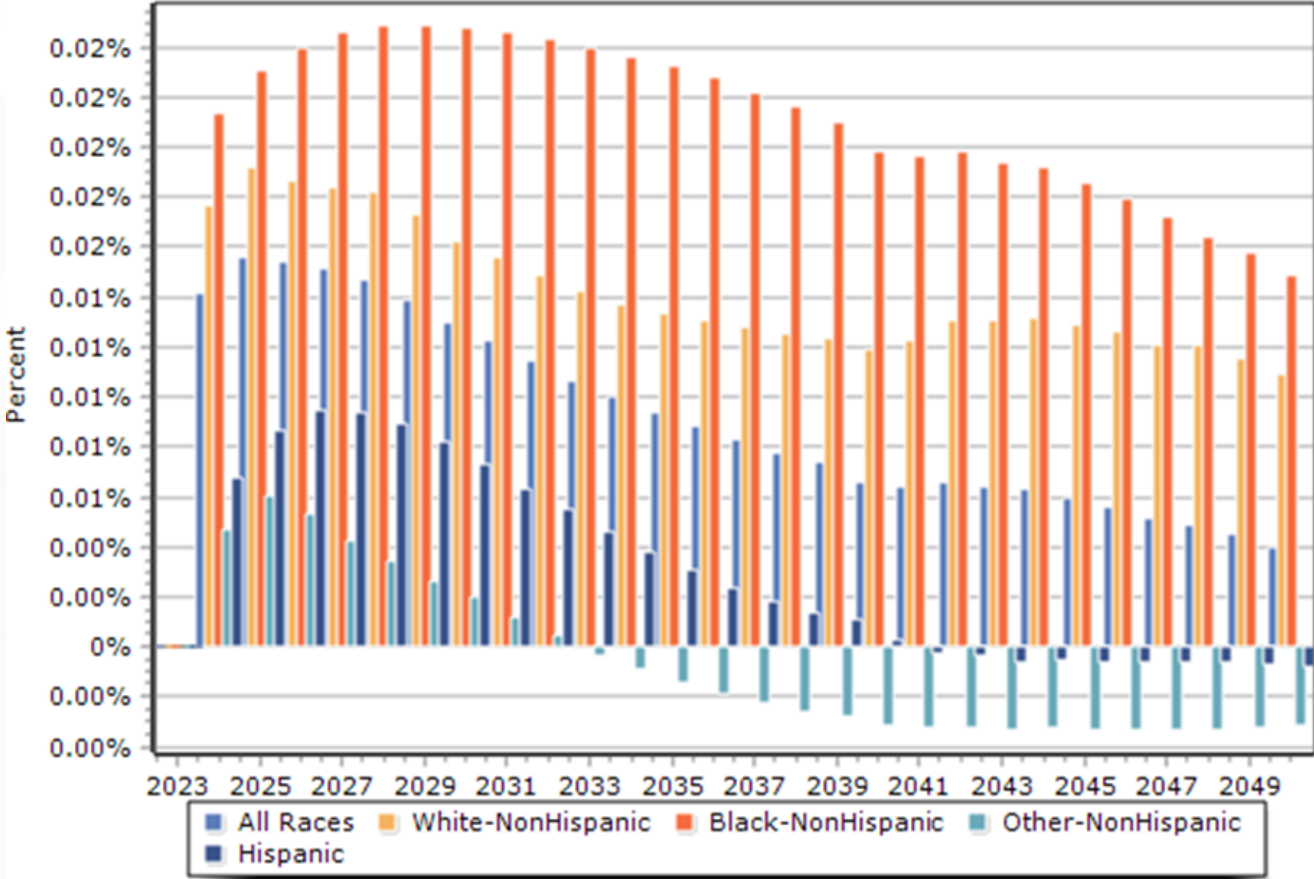
Labor Force & Population Growth



% Change of Labor Force and Population

what does **REMI** say?sm

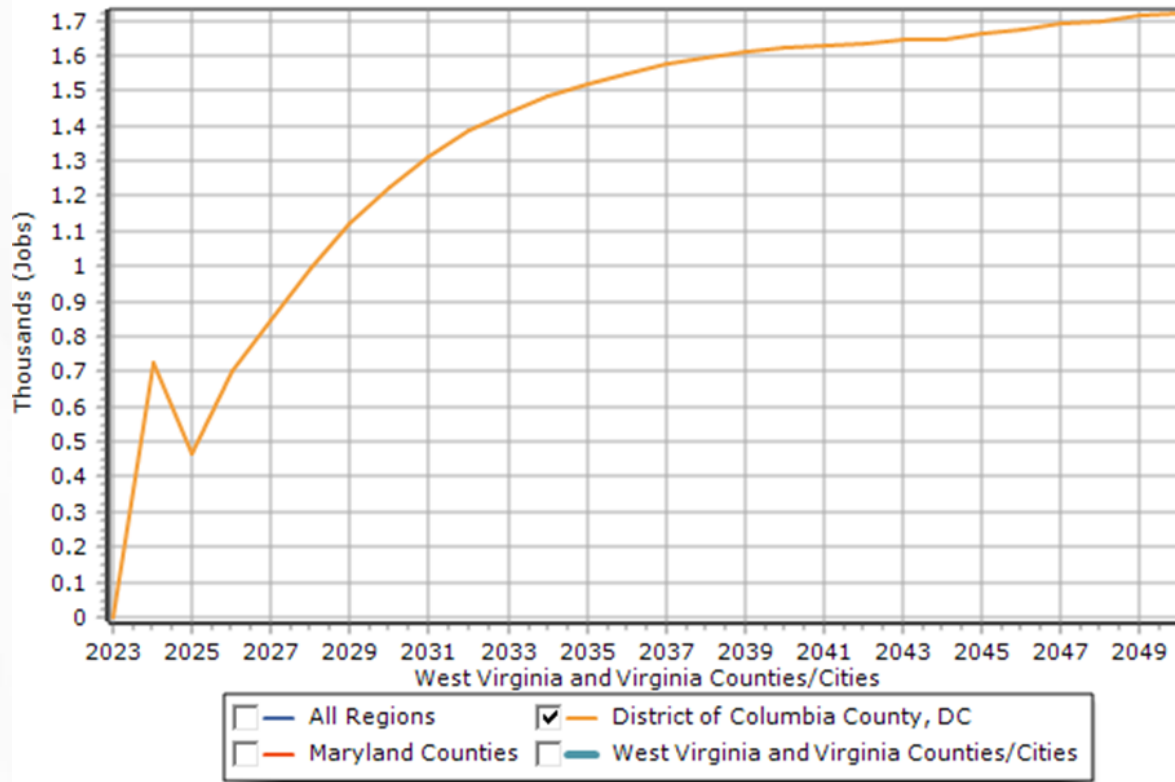
Labor Force Participation Rate



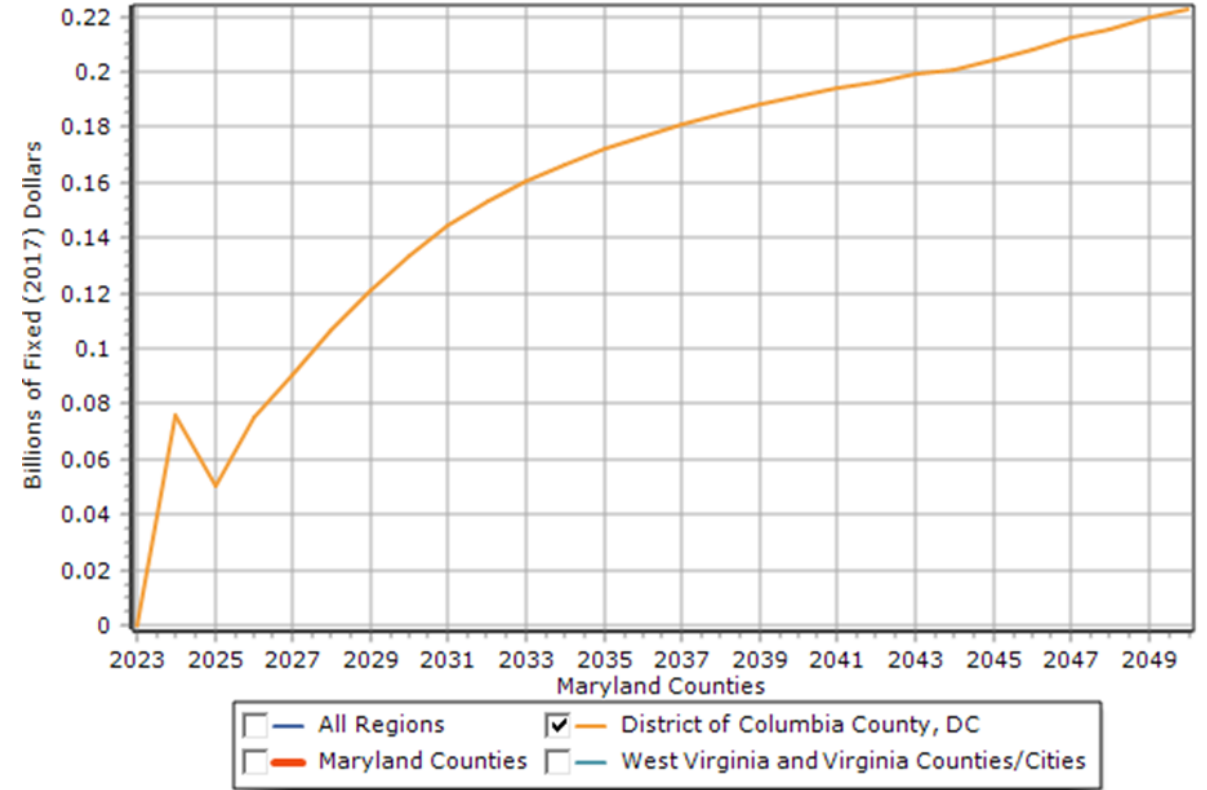
% Change of Labor Force Participation Rate by Race

what does **REMI** say? sm

GDP and Employment



Employment in Thousands of Jobs



GDP in Billions of 2017 Dollars

what does **REMI** say?sm



Residents spending a smaller portion on housing are less likely to miss payments

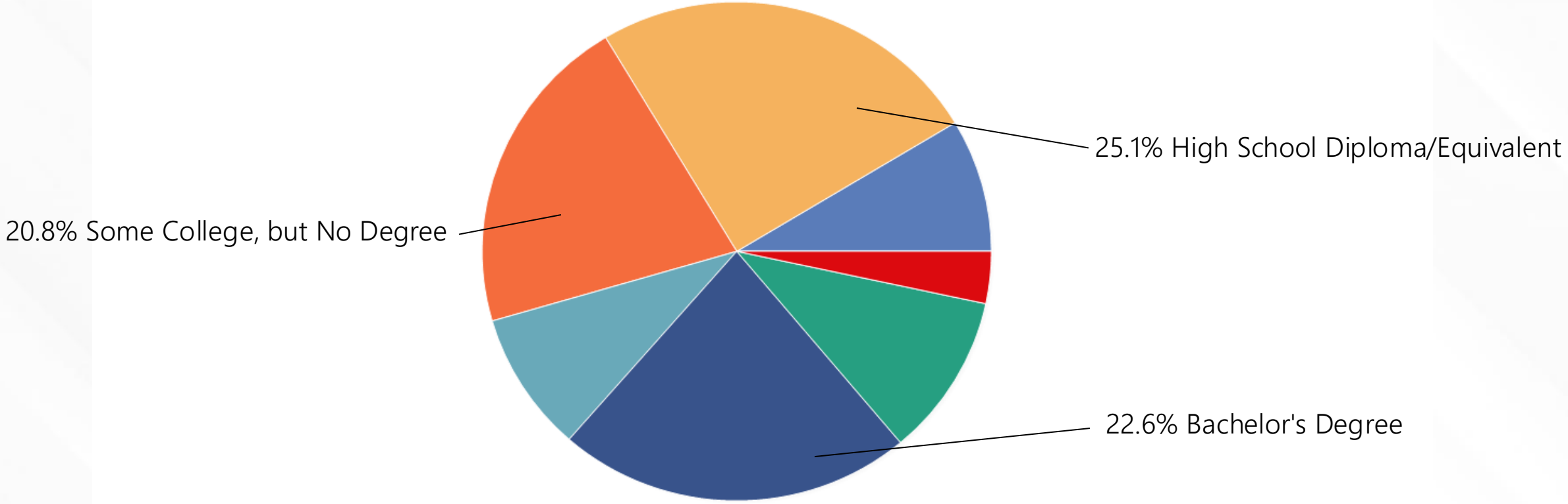


Less economic instability for households living in affordable housing



Money usually spent on rent goes to other businesses in the DC

Employment by Educational Attainment



Less than high school diploma High school diploma or equivalent Some college, no degree Associate's degree Bachelor's degree Master's degree Doctoral or professional degree

(2030)

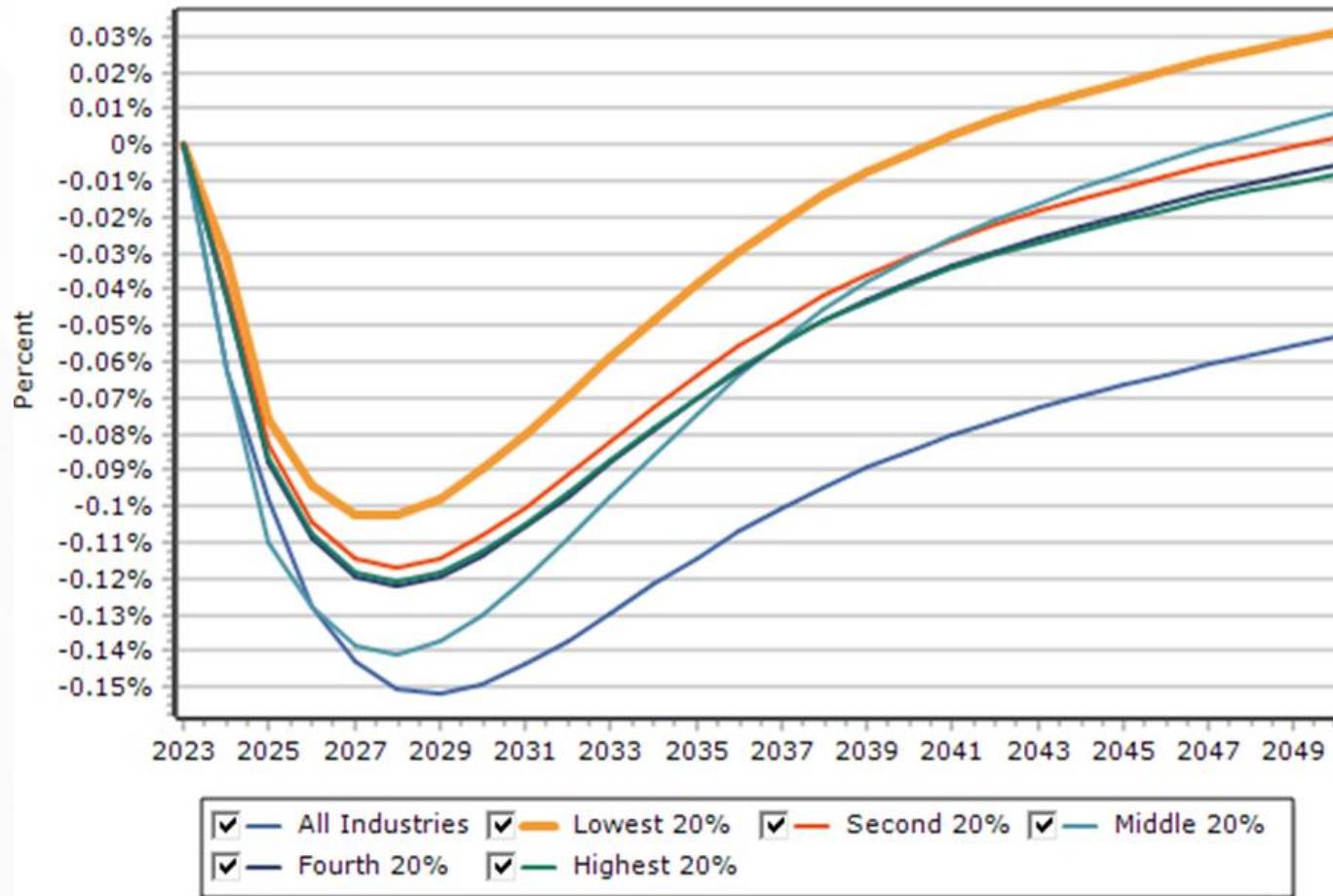
Employment by Industry



2030	2040	2050
<ol style="list-style-type: none">1. State and Local Government: 1712. Food Services: 1473. Construction: 1354. Real Estate: 1225. Social Assistance: 96	<ol style="list-style-type: none">1. State and Local Government: 1962. Food Services: 1903. Real Estate: 1614. Social Assistance: 1475. Retail Trade: 121	<ol style="list-style-type: none">1. Food Services: 2062. State and Local Government: 2033. Real Estate: 1734. Social Assistance: 1715. Retail Trade: 124

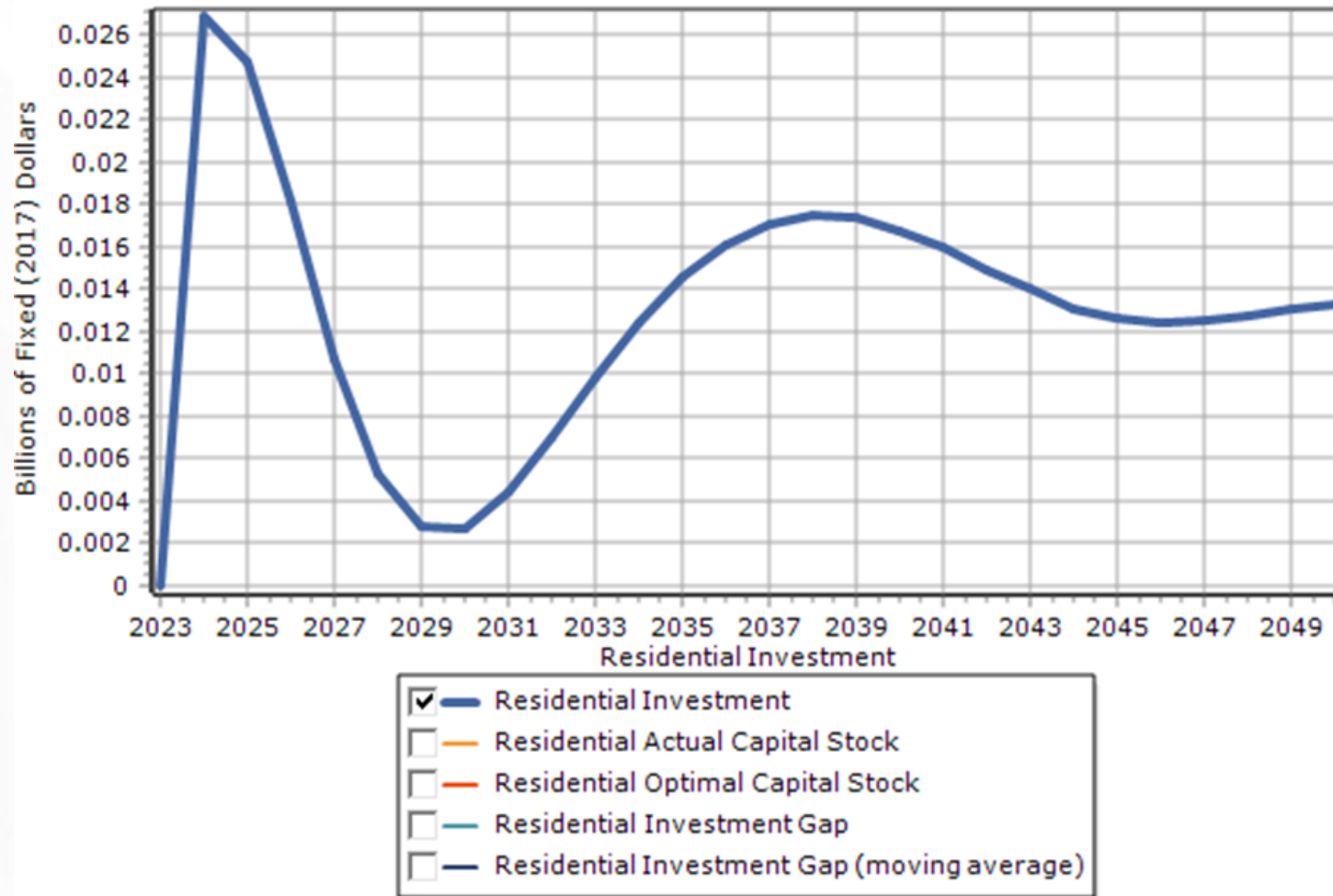
Jobs created over expected

Compensation Rate by Industry Quintile



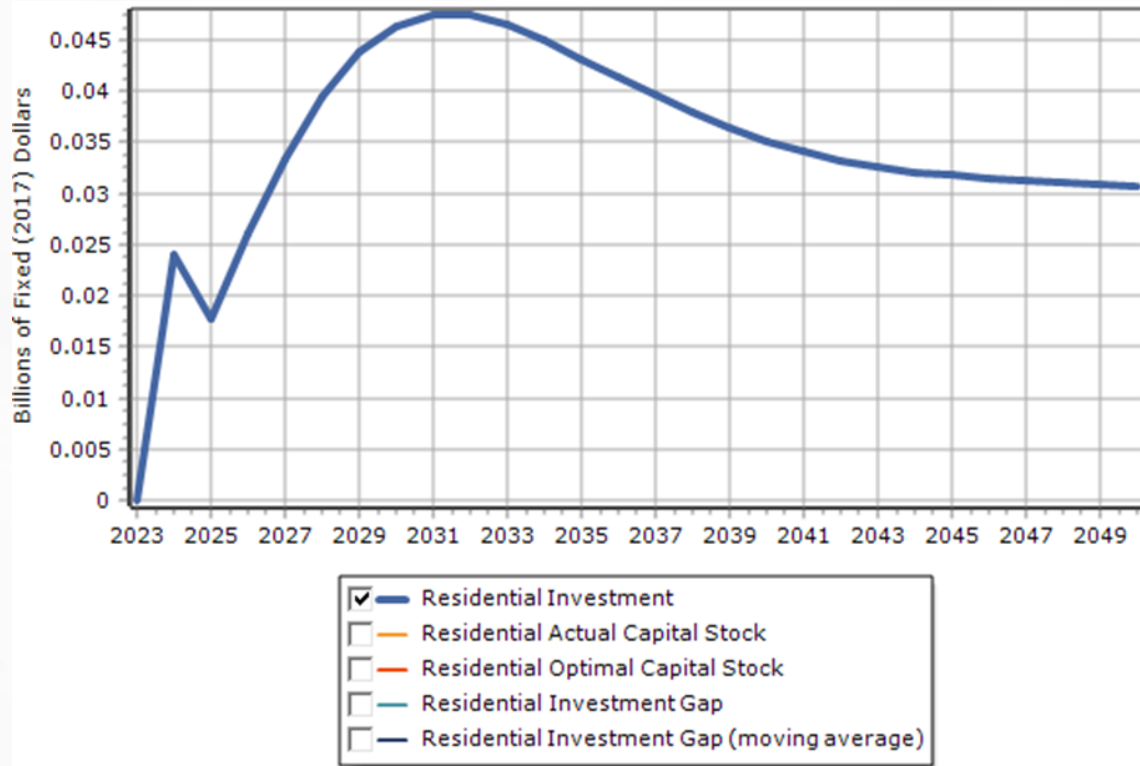
% Change of Compensation Rate

All Regions Residential Investment



All Regions Residential Investment in Billions of 2017 Dollars

DC and Maryland Residential Investment



DC Residential Investment in Billions of 2017 Dollars

Maryland Residential Investment in Billions of 2017 Dollars

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Conclusions and Notable Results (by 2050)



Labor Force

- Labor Force: +1,442
- Total employment +2,165

Personal Income

- Personal income: + \$578 billion
- Disposable personal income +\$448 million

Output/GDP

- Output: + \$311 million
- GDP: + \$184 million

Reference

- These results reflect the change compared to the baseline forecast
- These results are in the DC region

Furthering the Discussion on Affordable Housing



- Integration with market rate housing is often politicized. *What does the future of affordable housing policy look like?*
 - Example: "NIMBY" (Not in my backyard)
- The study we did measured only a small percentage of D.C's total population. *How could a larger scale study differ from ours?*
 - Example: More data availability. Non-Domestic migration?

Thank you for attending!

For more information, please contact
info@remi.com