



After the Fact | The Butterfly Effect of Apartment Vacancies

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TRANSCRIPT

Elizabeth, who goes by Miss Titi, a Washington, D.C., resident, mother, and shelter worker: One of the things that I had to do to gain my child back was for me to have a safe place for Michael to be. I had to think on my feet really fast.

Nina Albert, deputy mayor for planning and economic development, Government of the District of Columbia: We know that the primary way to provide housing for everybody, regardless of income, is to have enough housing.

We don't want people in shelters. We don't want people in hotels.

Evan Mast, assistant professor, Department of Economics, University of Notre Dame: The idea that new market-rate housing only affects people high up on the income ladder just doesn't seem to be true.

Host Intro:

Gabriela Domenzain, host, "After the Fact" podcast: Hi everyone, and welcome to "After the Fact." For The Pew Charitable Trusts, I'm Gabriela Domenzain.

Benny Martinez, host, "After the Fact" podcast: And I'm Benny Martinez.

Gabriela Domenzain: Hey Benny.

Benny Martinez: So, before we started this, I wanted to ask you if you've ever seen the movie "The Butterfly Effect," and all you told me was, "I only remember Ashton Kutcher."

Gabriela Domenzain: That's it. That's all remember.

Benny Martinez: Which, you know, fair. You know, that was his prime.



But the reason I brought it up is because the notion of butterfly effect—where, like, a butterfly flaps its wings in Colorado and a tsunami goes off in Asia—it's just this domino effect of occurrences.

And the reason I bring that up is because you just finished a whole series of interviews with people that tie into this notion of: if one, then the other, then the other. And I want to hear a little bit more from you about who you spoke with recently and, and sort of, how that all kicked out.

Gabriela Domenzain: Yeah, no, that's an interesting analogy.

We did a series of interviews in the housing space. So, I work in housing at Pew. And there's all kinds of policies that we are promoting at the state level to help people build more housing more quickly.

But there's a lot of populations, right? When you say “housing,” there's middle-income housing, there's lower-income housing, there's luxury housing. And the interrelatedness of that is what these interviews were about. So that's why I think that your butterfly effect analogy is super interesting.

There's this housing economist named Evan Mast, and he wanted to find out if you build a luxury high-rise somewhere, whether that impacts folks in the lower end of the economic spectrum, right? So, is a luxury apartment building only good for people who can afford to live there? Or does it create vacancies in lower-income neighborhoods so that people who might not have had a home actually have a chance for a home?

Evan Mast: I'm Evan Mast. I'm a housing economist.

I'm especially interested in how new housing construction affects the market for housing more generally.

So, if you build a new apartment tower, a new condo building, how does that affect affordability in the market more broadly?

Gabriela Domenzain: So, our research has found that we have a shortage of 4 to 7 million homes in the U.S. Why is there such a shortage?

Evan Mast: There are a number of reasons that we see this. One is, you know, local zoning and land use regulations that make it hard to build. You could also think about construction costs, which have risen a lot in the last 10 years. And you can



also think about macroeconomic factors like interest rates, which are obviously much higher than they were five years ago.

Gabriela Domenzain: How does your research inform the situation we find ourselves in?

Evan Mast: In 2023, I published a study that tracked people who move into relatively expensive new apartment buildings or a new condo tower and traced out the series of vacancy chains that are created by that new building.

To build these moving chains, I identified about 50,000 people who currently live in a big new apartment building in a big city, and I used address history data to figure out where they lived previously. That's kind of the first link of the moving chain.

And I say, "Here's an apartment that this resident of the new building used to live in. Who lives in their old apartment now?" I then can find that person in the same data, and I can look at where they lived previously. That gives me a second round in the chain. I can repeat this again and again. And ultimately for this study, I build out six rounds of this chain.

What I found is that even though that new market-rate housing tends to go into a relatively high-income neighborhood, it does create a lot of vacancies downstream and, kind of broadly, loosen up the housing market.

So, if you build 100 new units of market-rate housing, that typically creates something like 45 to 70 vacancies downstream in lower middle-income neighborhoods.

Gabriela Domenzain: So, for policymakers who care about market-rate apartments but also care about lower-income folks, this isn't a tradeoff.

Evan Mast: The idea that new market rate housing only affects people high up on the income ladder just doesn't seem to be true.

One lesson for policymakers from these studies is that there's not really a tradeoff between allowing that new high-end market rate construction and your other goals about affordability for low-income people or for renters.

When you allow that construction to happen, that has these ripple effects that help accomplish your other goals as well.



Benny Martinez: Talk to me a little bit about, like, the chains element and the interconnectivity of it all.

Gabriela Domenzain: So, in economic terms, apparently it's called filtering. And the actual finding of those links, that's something that the researcher did originally at a humongous scale, right? And what we were able to do was find one of these interconnected stories so that people could see with their very own eyes what happens.

Benny Martinez: To literally see the moving chains.

How did you see this manifest itself in real time with the people you were talking to?

Gabriela Domenzain: So, what researchers at Pew did was say, "Okay, let's see if this is true." So they looked in the D.C. area for an apartment building that had just been created and traced this chain all the way down to a woman named Elizabeth, who goes by Titi. She's a D.C. resident, mother, and shelter worker.

Miss Titi: My name is Miss Titi. I work at a shelter, and I am a social worker.

I have a son. His name is Michael. He's 10. He's adorable.

Gabriela Domenzain: Miss Titi found herself unhoused and was in the shelter system. And she had a baby.

Miss Titi: Ten years ago, in 2016, I had just gave birth to Michael. I was living with my parents. I found out that I could not stay with my parents and my new child, so then I picked up and left and went to a shelter. I didn't have employment, no money and no savings for me to get my own place. So, I was at a standstill financially.

I never lived in a shelter before, and I never lived outside of my parents' home before. So it was very tough.

It was, like, apartment-style living and a lot of sharing, a lot of fighting, a lot of feuding.

I would say the hardest part was, like, Michael was out of my care for a year. But, like, having to explain to him, you know, why he was taken away was the hardest part that I knew that I would have to face one day.



One of the things that I had to do to gain my child back was for me to have a safe place for Michael to be.

I used to ask people, “How did you get your own place? And what do I have to do?”

I had to think on my feet really fast.

I signed onto D.C. housing for me to get my own place.

I got into workforce development classes, four hours a day. Went looking for a job. I landed one at Target. But it takes a long time to secure housing.

Gabriela Domenzain: How did you find this apartment in particular?

Miss Titi: Your case manager gives you a list of apartments that can address people that were not working and had limited amount of income.

I had case management, but it was a fight, but I made it through. And I ended up in my two-bedroom unit here on the southwest side of Washington.

Gabriela Domenzain: So she found an apartment with her social worker, right? And what we did was, because she moved into that apartment, we traced who moved out of that apartment in order for her to be able to move in there. Six steps. And we landed in an apartment building on Massachusetts Avenue—for those that aren't from D.C., a luxury building in a very, very, cosmopolitan part of D.C.—and we trace the vacancy all the way to that.

Benny Martinez: Now I'm curious. I've lived in apartments in D.C. I'm like, who lived here before me? Who lived here after me?

Gabriela Domenzain: If this person who moved out of Miss Titi's apartment hadn't been able to afford the new apartment that they moved into, Miss Titi wouldn't have a place.

Benny Martinez: I mean, it sounds like the conversations you had were both enlightening and intense because learning that personal experience from Miss Titi had to be a little bit somber.

Gabriela Domenzain: She was very, very upfront about a lot of personal difficulties, and it's been really hard for her to not have a stable home.



She actually is now working within the shelter system in order to help people like her.

It's a really beautiful story, but it obviously represents the reality that millions are facing in this country, which is that they cannot find a home that they can afford.

Nina Albert: We know that the primary way to provide housing for everybody, regardless of income, is to have enough housing.

Gabriela Domenzain: On the policy side, we then went and spoke to one of the deputy mayors of D.C. that's in charge of housing. Here's Deputy Mayor Nina Albert.

Nina Albert: If you have a population of 100,000 households, and you only have 80,000 housing units, then everybody is going to be competing for those few precious housing units. And the people who will win out are the people who make the most money and can pay the most.

So, the solution to that is actually to have enough housing units for all 100,000 households.

In D.C. we have been very fortunate to be a growing economy. For the past 20 years, we've had a steady growth of 10,000 residents per year. So as new residents have been coming in, we've had a lot of housing production, but we have more people needing housing than there is enough units to house them.

We've seen the price for housing increase as a result of the imbalance in the supply-demand curve.

In 2019, Mayor Bowser set a goal of producing 36,000 new housing units, a third of which would be affordable units, in five years. We met that goal in four years, and we, in fact, produced 42,000 units.

Today we see how that supply and demand curve coming back into balance is slowing the increase in rent rates. For example, in D.C. annually, our rent growth, since we've produced this many more units, has slowed to 3% year over year, on average.

If you look at the United States by comparison, rent growth has increased 8% year over year. So you can see how adding more supply, so that people have housing when they're looking for it and are not competing against each other, can help slow the cost of housing increase.



Gabriela Domenzain: D.C. is not alone in not having enough homes for the amount of residents that it has and is not alone in finding alternate solutions.

Benny Martinez: So, it's a good example of how a locality can make changes to improve the housing situation in their area.

Nina Albert: The public debate should not be about new housing versus other kinds of housing.

We need housing at every level. We need more market-rate housing, we need more middle-income housing, and we need more affordable housing.

Our goal in the district is to make sure that every resident that's here has an opportunity to be housed. We don't want people in shelters. We don't want people in hotels, and we certainly don't want our residents to have to leave the District to Columbia because they don't have access to housing.

Benny Martinez: So we're talking about Miss Titi and this moving chains theory and seeing it manifest itself here in D.C. But I'm wondering, Is D.C. alone in seeing this kind of thing happen? Is this something that can be replicated elsewhere?

Gabriela Domenzain: Absolutely. I mean, I think that that's what's really interesting about it. We chose D.C., it's in our backyard, and we found, you know, this particular story. But it's a good example of a city embracing the fact that more housing helps everyone. And cities around the country are coming to this conclusion.

We have really big success stories in Austin, for example, in Minneapolis, for example, that have made it easier and cheaper to build. And their rents are falling.

However, the policies that D.C. and other cities around the country are pushing are this—and, you know, they still need subsidies, we still need lower income housing, we still need middle income housing. We just need all kinds of housing.

Benny Martinez: It's building more and more at all price points.

Gabriela Domenzain: At all price points.

Benny Martinez: This is just a specific example.

Gabriela Domenzain: At all price points.



In theory, like, building more at whatever income bracket, right, helps everyone, and especially folks that don't have homes and lower-income people.

So, it's one thing to hear an economist, right, tell you, "This creates, you know, 45-to-whatever vacancies." And another one, say Miss Titi, saying, "It was because I found a home."

Benny Martinez: This happened because of—I have a home now because of this chain effect.

Gabriela Domenzain: I have my son, and I have my son back. I mean, I remember she told us about the first night that her son slept in her apartment.

Miss Titi: I knew he was coming because I heard him coming up the steps.

So, it was very exciting. I had a Lego set for him. We ended up building a truck, and it was wonderful that day. It was wonderful. I had a meal cooked for him. His room was set up nicely.

The first night that I slept home with Michael, that when he first got back, I actually slept with one eye open. I was waiting to see if he would cry, I wanted to see if he was hungry, I wanted to see if his diaper was wet, I wanted to see if he slept right.

So at this present time, me and Michael are still at our apartment, going to school, working.

I see me and Michael in the future—our next steps will be to land a house. I would love to have a backyard that he can play soccer in.

When I got Michael back, I knew it was all 10 toes down, that I was going to be challenged by all those that took Michael away, that I was never going to be able to do it. You just have to get up, get out there, and do it.

Gabriela Domenzain: Housing at the local level is one of the issues that's most pressing. And there's laws being passed at record speed now to increase housing production. And to find one of these interconnected stories so that people could see with their very own eyes what happens.

Benny Martinez: To literally see the moving chains.



Gabriela Domenzain: Yeah, exactly. To see what happens when, even if it's just one apartment frees up, and how that stabilizes a whole family.

Benny Martinez: It pulls at the heartstrings, for sure.

Gabriela Domenzain: It's the real impact of public policy. There's a real meaning behind all that and learning who those people are and how they're affected and impacted.

Thanks for listening. To learn more, visit pew.org/afterthefact.

Benny Martinez: And if you enjoyed the episode, leave us a comment or a review, and be sure to follow us wherever you get your podcasts to hear all our latest episodes.

Gabriela Domenzain: For The Pew Charitable Trusts, I'm Gabriela Domenzain.

Benny Martinez: And I'm Benny Martinez, and this is "After the Fact." Until next time.