

Affordable Housing Alliance

Testimony
of
Janet Brown
1746 Q St NW, Wash DC 20009
before the

ZONING COMMISSION OF THE DISTRICT OF COLUMBIA

CASE No 04-33

MANDATORY INCLUSIONARY ZONING

July 25, 28, 2005

I am Janet Brown, speaking this evening on behalf of the Affordable Housing Alliance. The Alliance is made up of more than thirty-five organizations of builders, tenants, homeless, disabled and elderly residents, smart growth advocates, etc – all of whose constituents have a need for affordable housing. We've been working together for five years (though not always called the Alliance) on a variety of different strategies to preserve affordable housing and to increase the city's stock of affordable housing, especially for low- and moderate-income residents. The Alliance has been a major contributor to the work of the Campaign for Mandatory Inclusionary Zoning from the beginning. We consider the CMIZ proposal "our" proposal.

I am going to discuss six differences between our proposal and the DCOP's counter-proposal, keeping in mind our main goals for inclusionary zoning (IZ)

- building as many affordable units as possible,
- getting the income-eligibility as low as feasible, and
- applying this policy widely across the city

First, the DCOP's IZ alternative runs counter to our efforts to lower the income of eligible renters and buyers, especially in high-rise buildings by pushing eligibility to 80% AMI – and possibly exempting waterfront high-rise buildings altogether. The problem here, as you know, is that there is so great a difference between the District's actual median income and that of the region, the official AMI referred to in all the documents before you. **Almost half of all the District's residents have incomes below 50% of the regional AMI.** When the DCOP counterproposal sets eligibility at 80%, with most of the affordable units available to households at 70-80% AMI, **the DCOP rules out almost three-quarters of our citizens, who will never be eligible to live in any of those "affordable" units!**

That, in our opinion, is *not* IN-clusionary. Mixing together the people in the top 25-30% income bracket will *not* give us "mixed-income" housing. By using the 80% threshold, the DCOP would end hope that we might still get some new low- and moderate-income units in the more expensive built-out parts of the city. And it will mean that no working class family ever dare hope to live where they might have a view of the water, regardless of the millions of dollars the taxpayers will provide in infrastructure for the Anacostia Waterfront Initiative. The DCOP designation of 80% AMI does not even satisfy the rhetoric of their own recent publication, "Vision for Growing an Inclusive City."

ZONING COMMISSION
District of Columbia

ZONING COMMISSION
District of Columbia

CASE NO. 04-33

EXHIBIT NO. 102

Second, the DCOP alternative would not give to eligible non-profits or the Housing Authority the right to purchase and manage affordable units for low-income tenants. Thus, the DCOP would further restrict the possibility that IZ could serve lower-income households, i.e., those with the heaviest burden of housing costs. This DCOP omission precludes the use by non-profits of other sources of funding to support lower income families. Most important is the fact that this provision, present in the CMIZ proposal, would assure that such units remain affordable as long as there is need, thus contributing to the permanent stock of affordable housing. The lack of such a provision in the DCOP proposal would also reduce the long-term affordable housing stock.

Third, the DCOP alternative exempts from IZ properties undergoing total rehabilitation

In practice, rehabilitation, as CMIZ defines it, means conversion of older rental buildings, usually low-income affordable because they've been under rent control, to "luxury" buildings. I have not been able to get good numbers on the per cent of all new high-end units built since 2000 are rehabs, but I have heard estimates that it is as much as 50% of the total. Rehabilitation of older buildings is happening all over the city, but it is a prominent way of going up-scale in parts of the city that are already built out or protected by expansive historic preservation regulations. Handsome older buildings are emptied out (sometimes using dubious methods), stripped, and renewed – for a totally different clientele. It is difficult to add densities to most such buildings, but developers can be given other benefits, and it seems to be just about the only way to assure that these once-affordable buildings will have any affordable units in them at all.

Fourth, the DCOP would reduce the length of affordability, which could endanger the building up of DC's stock of affordable homes. The experience of other communities demonstrates that shorter terms can do little to meet the need for affordable housing if the terms of affordability are so short that the affordable units return to the market faster than the community can build more, assuring an on-going cycle of need. Our proposal, on the other hand, calls for a modest 20 years for sale units (too short, in my opinion, given the huge deficit of affordable housing in the city) and 50 years for rental properties. (Montgomery County, which reached a point where they were losing more expiring units than they could replace each year, has just raised its length of affordability to 35 and 99 years, respectively.)

Fifth, the CMIZ proposal provides relief for developers who would suffer real economic hardship if the affordable units had to be developed on site. Under the guise of "flexibility," the DCOP alternative proposal would allow several complicated and tricky exemptions for developers who claim hardship, permitting 50% (or more) units to be built off-site. Mixed-income neighborhoods cannot be realized by building ten affordable apartments somewhere else! The DCOP counterproposal would give developers bonus densities in extremely lucrative parts of town so they can build 20% more market-rate units, without incurring additional land costs, on condition that a modest number of units be made affordable.

What's more, the DCOP counterproposal encourages on-going negotiations over each development – over the suitability of the off-site location, whether or not the units are really comparable to the units in the primary building, the relative cost of building on the two different sites, etc. This prospect would deny the "level playing field" required by the six or seven developers with whom we vetted our proposal. They told us that, for IZ to succeed, they had to have *clear* rules that applied to *all* players so that they would not have to spend valuable time negotiating every project with the city.

The DCOP counterproposal also goes against the advice of other jurisdictions who tell us, as Montgomery Council Chair Tom Perrez warned at a forum here in DC last month, “Don’t do as we did, Don’t make exceptions!

The DCOP counterproposal leaves way too much discretion in the hands of the city administration. Many in this room do not have a lot of trust in the current administration where IZ is concerned. The attached chronology of the development of an IZ policy for DC reveals that until the last six months, IZ was not a priority for DCOP, and even today their counter-proposal has too many “TBDs” in it.

Sixth, the DCOP would use square feet instead of numbers and percentages of units. We understand that developers make calculations on the basis of square feet, but think this change would be a mistake. Every housing agency and official in this city uses units, not square feet. The Housing Production Trust Fund uses units. The Housing Authority and the HFA use units. The Comprehensive Housing Strategy Task Force and the Comprehensive Plan will be recommending units, not square feet. The Mayor uses numbers of units when he cites the amount of affordable units that has been built. The DCOP talks in units. Everyone at these hearings is talking of units. If the city uses square feet to monitor affordable units, transparency, trackability, and enforcement will slip away – and so will the number of affordable units.

In short, in each instance that the DCOP alternative differs from the Campaign’s proposal, the DCOP counterproposal decreases the number of affordable units, especially to lower-income families, and falls short of creating truly mixed-income housing. While the generous compensation for developers remains the same in both ours and the DCOP proposal, under the latter the city will get fewer affordable units added to the housing stock for shorter lengths of time. We call the DCOP proposal “IZ Lite” – half the calories, half the effect, half the really affordable units.

The affordable housing needs of this city are enormous. 42,000 households shoulder unbearable housing burdens. **The city badly needs to have the private developers’ experience, their resources, and their help applied to producing affordable housing. The Campaign’s IZ proposal is one way to help them do this, and to give developers just compensation, at almost no cost to the DC budget. Please make the Campaign’s proposal the city’s standard. With it, the city can realize at least 3500 and possibly as much as 5600 units of low- and moderate-income housing over the next ten years. That’s a significant contribution, and we in the AHA do not want these benefits to the city to be whittled away by adopting the DCOP’s compromises.**

Thank you for your attention.

The Affordable Housing Alliance is a broad coalition of more than thirty-five organizations of housing advocates and developers, tenants, financial institutions, advocates for children and families and for the homeless, and other community organizations, working together for affordable housing, especially for low-income households.

A Brief Chronology of Efforts to Get Mandatory Inclusionary Zoning for the District of Columbia

April 2001. Mayor Williams, at a press conference introducing his Housing Bill, declares his intention also to establish an inclusionary zoning (IZ) policy for DC.

Fall 2001. Councilmember Jim Graham introduced an amendment to the Mayor's housing bill requiring mandatory IZ in housing built on publicly-owned land.

November 10, 2001. When the Graham IZ amendment, backed by housing activists, was being debated in the Economic Development Committee, Steve Green, speaking for the Administration, opposed the amendment. He said it needed to be refined, and that besides, the Office of Planning (DCOP) was already at work on an IZ proposal. Under questioning from Council Members, Green said the Mayor's proposal "would be ready in 30 days," i.e., right after the new year. On the basis of that promise, Graham withdrew his amendment.

January 8, 2002. The Council passed the Housing Act of 2002. There was no sign of an IZ proposal.

Fall, 2002. ACORN, the Washington Metropolitan Council, AFL-CIO, the Affordable Housing Alliance (AHA), and DC Agenda, with consultants from PolicyLink, put together an IZ working group to develop the principles on which an IZ requirement would work in DC.

December 21, 2002. AHA members met with the Mayor, Deputy Mayor Eric Price, and Steve Green about affordable housing issues, including IZ. They were told that DCOP is working on it, getting a consultant

Fall, 2003. With PolicyLink, twenty organizations and unions published the working group's conclusions, Expanding Housing Opportunity in Washington, DC: The Case for Inclusionary Zoning, and distributed it widely. Organizations started talking about IZ with Council Members.

November 13, 2003. Housing advocates met at DCOP with Stephen Corcoran, who was then in charge of coordinating the Administration's IZ efforts. He told us he was just about to hire consultants to draw up recommendations. It was apparent that the housing advocates had done a lot more work on IZ than DCOP staff.

(Continued....)

Spring, 2004. AHA decided to draft a zoning amendment and submit it to the Zoning Commission, without waiting any longer for the Administration.

Summer, 2004. We learned that DCOP had engaged Boston consultants to draw up a *voluntary* IZ proposal. On August 27, Ellen McCarthy (DCOP) said the consultants were three months behind schedule and wouldn't finish their work until the end of the year.

July 13, 2004. The Washington Metropolitan Council, AFL-CIO, ACORN, and AHA planned the "DC Campaign for IZ."

September 8, 2004. Drafting of an Amendment asking for mandatory IZ to be submitted to DC Zoning Commission, and the "DC Campaign for Mandatory IZ" are launched.

November 17, 2004. The Campaign's proposed amendment was submitted to the Zoning Commission and announced to the public.

December, 2004. Zoning Commission referred the amendment (Case no. 04-33) to the DCOP for review.

February, 2005. Chairman Cropp and Councilmember Graham introduce in the Council a resolution of support.

May, 2005. DCOP sends back to the Zoning Commission three IZ proposals (our original amendment, a DCOP amendment calling for a weaker version of mandatory IZ, and a DCOP proposal for a *voluntary* program) with a recommendation for a ZC hearing on all three. The Zoning Commission decides to hear only the two mandatory proposals, on July 25, 2005, with a mapping hearing later in the fall

March-June, 2005. Campaign's "technical" committee met numerous times with a broad spectrum of developers, under the auspices of the DCOP and with Chr. Cropp.

July 6, 2005. The DC Council unanimously votes for the Cropp-Graham resolution.

July 25, 28, 2005. Zoning Commission hearing