



APARTMENT AND OFFICE BUILDING
ASSOCIATION OF
METROPOLITAN WASHINGTON

TESTIMONY BEFORE THE
THE
ZONING COMMISSION FOR THE DISTRICT OF COLUMBIA

JULY 25, 2005

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ZONING COMMISSION
District of Columbia

CASE NO. 04-33
EXHIBIT NO. 117



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NAA
NATIONAL
APARTMENT
ASSOCIATION

GOOD EVENING CHAIRPERSON AND MEMBERS OF THE COMMISSION I AM NICOLA Y WHITEMAN, VICE PRESIDENT OF GOVERNMENT AFFAIRS FOR THE DISTRICT OF COLUMBIA FOR THE APARTMENT AND OFFICE BUILDING ASSOCIATION (AOBA) AOBA IS A NON-PROFIT TRADE ASSOCIATION REPRESENTING OWNERS AND MANAGERS OF MORE THAN 40,000 APARTMENTS UNITS AND OVER 60 MILLION SQUARE FEET OF OFFICE SPACE IN THE DISTRICT

AOBA MEMBERS, BOTH MULTIFAMILY AND COMMERCIAL, HAVE BEEN ACTIVE IN PROVIDING AFFORDABLE HOUSING OPPORTUNITIES IN THE CITY OUR HOUSING PROVIDER MEMBERS REPRESENT THE ENTIRE SPECTRUM OF THE INDUSTRY, FROM PARTICIPANTS, SMALL AND LARGE, IN THE SECTION 8 PROGRAM, FOR EXAMPLE, TO THE NEWEST, MARKET-RATE BUILDINGS DOWNTOWN WHICH ALSO INCLUDED AFFORDABLE HOUSING COMMITMENTS MANY OF OUR COMMERCIAL MEMBERS HAVE SATISFIED SIMILAR COMMITMENTS AND, THROUGH OFFICE BUILDING SALES TRANSACTIONS, HAVE ALSO PLAYED A SUBSTANTIAL ROLE IN "CHARGING UP" THE HOUSING PRODUCTION TRUST FUND AOBA'S MEMBERS SHARE THE CONCERNS MANY IN THE DISTRICT REGARDING THE CONTINUING NEED FOR INNOVATIVE AND TANGIBLE MEASURES TO MAINTAIN AND INCREASE THE AMOUNT OF AFFORDABLE HOUSING IN THIS CITY

AN INCLUSIONARY ZONING POLICY IS, OF COURSE, ONE SUCH MEASURE TO BE CONSIDERED HOWEVER, AS HARVARD UNIVERSITY'S JOINT CENTER FOR HOUSING STUDIES HAS CAUTIONED, IT "IS NOT A SILVER BULLET TO OVERCOMING THE DIFFICULT CHALLENGES FACED BY FAMILIES SEEKING TO

ESCAPE FROM POVERTY OR THE REALITIES OF THE HOUSING MARKET [T]HIS APPROACH SHOULD NOT BE CASUALLY ADOPTED CAREFUL CONSIDERATION OF FACTORS SUCH AS THE CONDITION OF THE HOUSING MARKET, POPULATION TO BE SERVED, FINANCING, NUMBER OF UNITS AND COMMUNITY CONTEXT, MUST BE EVALUATED ” NOTABLY, BOTH THE DIRECTOR OF THE OFFICE OF PLANNING -- ELLEN MCCARTHY AND COUNCIL CHAIRPERSON LINDA W CROPP DESCRIBED INCLUSIONARY ZONING AS “*ONLY ONE*” OF THE MANY STRATEGIES THAT ARE CURRENTLY BEING EXAMINED AS A TOOL FOR SOLVING THE DISTRICT’S AFFORDABLE HOUSING PROBLEM¹

THE CURRENT RECOVERY IN THE DISTRICT’S HOUSING MARKET HAS TAKEN MANY YEARS TO OCCUR THE ECONOMICS OF HOUSING DEVELOPMENT IN D C ARE NEITHER SIMPLE NOR EASY OPPORTUNITIES TO DEVELOP HOUSING VARY WIDELY ACROSS THE CITY BECAUSE WE ARE, AS THE RECENTLY ADOPTED COUNCIL RESOLUTION NOTES A LARGELY “BUILT” ENVIRONMENT CONSEQUENTLY, THE INCENTIVES TO DEVELOP HOUSING HERE ARE EQUALLY VARIED AND, THE FACT IS, THAT THE BARRIERS TO DEVELOPING HOUSING IN THE DISTRICT ARE ALMOST ALWAYS QUITE FORMIDABLE – CERTAINLY WHEN COMPARED TO THOSE IN OTHER JURISDICTIONS THAT OFFER INVESTMENT OPPORTUNITIES TO HOUSING DEVELOPERS

GREAT CARE, THEN, MUST BE TAKEN IN HOW TO EMBRACE AN INCLUSIONARY ZONING PROPOSAL PARTICULARLY AS IT RELATES TO PROPERTIES IN NEED OF SUBSTANTIAL REHABILITATION WHILE THERE ARE

¹ See Testimony of Ellen McCarthy, Director, Office of Planning, before the Committee of the Whole on PR16-47, the “Sense of the Council Resolution in Support of Mandatory Inclusionary Zoning,” Statement of Chairman Linda W Cropp, July 6, 2005 Legislative Meeting

NUMEROUS ISSUES WITH ADOPTING A MANDATORY INCLUSIONARY ZONING POLICY, THE EXTENSION OF SUCH A POLICY TO THE SUBSTANTIAL REHABILITATION OF EXISTING RESIDENTIAL BUILDINGS WOULD BE PARTICULARLY DETRIMENTAL TO THE CONTINUED INVESTMENT IN SUCH PROPERTIES

ALMOST 70% OF THE DISTRICT'S EXISTING RENTAL HOUSING STOCK WAS BUILT PRIOR TO 1960 THIS REPRESENTS A CRITICAL DEMAND FOR INVESTMENT IN CAPITAL IMPROVEMENTS IF WE ARE TO SLOW THE DECLINE AND LOSS OF THE DISTRICT'S PREDOMINANT HOUSING PRIVATELY OWNED APARTMENT BUILDINGS THE DISTRICT THUS HAS A CLEAR IMPERATIVE TO PROMOTE THE REHABILITATION OF SUCH PROPERTIES THE VAST MAJORITY OF THE CITY'S RENTAL HOUSING STOCK IS ALSO 1) UNDER A STRINGENT RENT CONTROL SCHEME --- UNDER WHICH SUBSTANTIAL REHABILITATION OF A BUILDING IS A COMPLEX AND LENGTHY PROCESS, AND 2) SUBJECT TO CONVERSION AND SALE RESTRICTIONS THAT IMPEDE, OR ADD TO THE COST OF, REHABILITATION

ALL OF OUR MEMBERS ARE FACING INCREASING COSTS (PARTICULARLY RISING UTILITY AND LABOR COSTS) AND A MARKET WHICH IS INCREASINGLY FAVORABLE TO LUXURY CONDOMINIUMS OUR MULTI-FAMILY MEMBERS IN PARTICULAR, ARE BEING ASSESSED BASED ON THE VALUE OF NEARBY CONDOMINIUM BUILDINGS, WITH LITTLE OR NO CONSIDERATION FOR THOSE BUILDINGS SUBJECT TO RENT CONTROL LIMITATIONS THUS, MULTI-FAMILY PROVIDERS ARE INCREASINGLY FACING THE DIFFICULT DECISION OF WHETHER

TO CONVERT THEIR BUILDINGS TO LUXURY CONDOMINIUMS IN AN EFFORT TO BETTER MEET THESE RISING PRESSURES.

WHILE WE RECOGNIZE THE POLITICAL PRESSURES TO ADDRESS THE REAL NEED FOR AFFORDABLE HOUSING IN THE DISTRICT, A MANDATORY POLICY, AND CERTAINLY A POLICY APPLICABLE TO BUILDINGS IN NEED OF SUBSTANTIAL REHABILITATION IS NOT THE SOLUTION TO THIS PROBLEM IN FORMULATING AN INCLUSIONARY ZONING RECOMMENDATION TO REMEDY THE SHORTAGE OF AFFORDABLE HOUSING IN THE DISTRICT, WE URGE THE COMMISSION TO ADOPT A PROPOSAL WITH A CLEAR AND EXPLICIT EXEMPTION FOR SUBSTANTIAL REHABILITATION DESPITE INCREASE MARKET AND LEGAL PRESSURES, AOBA MEMERS *WANT* TO CONTINUE PROVIDING RENTAL HOUSING IN THE DISTRICT ABSENT SUCH AN EXEMPTION, HOWEVER, AND WITH A STRINGENT RENT CONTROL REGIME AND CONVERSION AND SALE RESTRICTIONS, THE DISTRICT WILL SOON EXPERIENCE A SIGNIFICANT DECLINE IN ITS RENTAL HOUSING STOCK

THIS CONCLUDES MY TESTIMONY THANK YOU FOR THE OPPORTUNITY TO PRESENT AOBA'S CONCERNS