

September 8, 2005

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District of Columbia
Zoning Commission
441 4th Street, NW
Suite 210 South
Washington, DC 20001

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~~DISTRICT OF COLUMBIA~~
~~COMMISSION~~
04-33
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Re Case No. 04-33 "Text Amendments to Require the Provision of
Affordable Housing – Inclusionary Zoning"

Dear Zoning Commissioners

I would like to submit this written support of including substantial rehabilitation in the text amendments to require Inclusionary Zoning to supplement my earlier oral testimony. As a member of the District of Columbia Comprehensive Housing Strategy Task Force, I have submitted this concept to Task Force for consideration for inclusion in its report to the DC City Council and the Mayor. Unfortunately, the Task Force is unable to consider it prior to the cut-off for submission of testimony to the Zoning Commission, and therefore, I am hereby submitting it on my own behalf as an individual with substantial professional experience in affordable housing preservation.

Inclusionary zoning is one of the most important tools that exist today to provide our City with economic integration. Without it, we will continue to concentrate low income households in less desirable locations and lose the affordable housing that we currently have in more expensive neighborhoods. In the past decade, it has been clearly demonstrated across the country that low income households prosper in mixed income environments and that the community as a whole is strong and healthy with a diversity of incomes. It is clear that where affordable housing is completely integrated into the market rate housing, it is indistinguishable and provides environments in which the low income households can prosper. A broadly applied and successful inclusionary zoning program is critical to achieve economic integration and an inclusive city, and to provide housing necessary to support the growth of our businesses.

While I commend the Office of Planning on undertaking the initiative and their fine work to create an inclusionary zoning law for the District, I submit that Inclusionary Zoning should be comprehensive, covering all types of housing – existing housing that undergoes extensive rehabilitation, as well as newly constructed housing. If we do not cover the portion of the housing market that exists and is being rehabilitated, we will lose substantial opportunities to preserve the affordable housing that we have, and in particular, lose opportunities in already built-out neighborhoods that are high cost. As our City transforms from one with housing serving a mix of incomes to one serving only

those who can afford high cost housing, we cannot ignore the opportunity to preserve a small portion of what we have today. As values escalate, we are losing what affordable housing we have in stable neighborhoods, such as the apartments that line Connecticut Avenue. In spite of our rent control laws, the rents that landlords charge after substantial rehabilitation often price tenants out of their homes. Most landlords have not found rent control to be an obstacle to greatly increasing rents as the market will bear and staying within the regulatory boundaries. The tenants' first right law is a limited tool created during the condominium boom of the late 1970's and early 1980's, aimed at preventing displacement upon sale of a property and not the preservation of affordable housing. It is a tool that a few tenants and those working on their behalf have used to prevent displacement. While it has been used by a handful of non profits to preserve housing for low income residents, it will never be a broad based tool to preserve affordable housing throughout the city.

When properties transfer buyers of valuable properties can and do provide incentives for tenants who agree to their purchase and conversion and move. Typically, the only housing preserved is units with life tenancy for the elderly. Without great fanfare, our existing housing stock is slipping away unnoticed and uncounted.

Over the years the City lost much of its retail to office building development. As the development of the East End evolved we belatedly added zoning requirements for retail space. We should create a zoning requirement for affordable housing much as we created zoning requirements for retail in the office areas. A healthy residential neighborhood needs a mix of incomes, just as office areas need retail even though it may not be as profitable for the landowner.

Thanks to the growth of jobs in this region, as well as the good government in the District of Columbia, the District has become an attractive, even compelling place to live. As a result, today we have rapid escalation of housing prices. Many of the buildings that would be likely to sell have rents that historically have been affordable to households of between 50% and 80% of median income. This substantial rise in values is not caused by any actions of individual owners of properties. It is caused by the general environment. When sellers of properties seek to capitalize on these windfall values, we should take this opportunity to utilize some of that value to create affordable housing in our already built environment. These sales of properties are motivated by profitability and will happen whether or not a new zoning requirement is applied.

With a 7.5% affordable housing requirement applied as suggested by the Campaign, the market will respond with a corresponding decrease in the sales price of the property -- a pure and simple economic reaction to the zoning right, or in this case, responsibility bestowed by the government. The reduced sales price will reflect the cost of preserving a small portion of the affordable housing units, which is by far the cheapest way to obtain or maintain the workforce housing that we have. The application of inclusionary zoning to these properties would preserve at least some of the units that are already affordable. If we do not do it now, we will forever lose many relatively affordable units that exist today and it will be significantly more expensive to re-create them. Preservation as

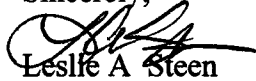
opposed to new construction is a much more cost effective means of providing affordable housing

Under the inclusionary zoning law, these units would be identified, tracked, and monitored under the same regulatory mechanism that the newly constructed units would operate. No additional regulatory agency would need to be created.

Once the inclusionary zoning units are created or preserved, the cost to operate those units will be no different than the cost of the other higher priced units. The allowable rents and condo fees will be more than sufficient to pay the operating expenses and capital expense associated with maintenance and rehabilitation of either a high rise or non-high rise. We will have achieved permanent preservation of affordable units.

Please include substantial rehabilitation of housing within Inclusionary Zoning as proposed by the Campaign for Mandatory Inclusionary Zoning.

Sincerely,



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