

April 19, 2006,

Ms Sharon Schelling
Acting Secretary to the Zoning Commission
Office of Zoning
441 4th Street, NW, Suite 200-S
Washington, D C 20001

Dear Ms Schelling,

We, the undersigned future first-time homeowners in the District of Columbia, who are in the process of receiving training on homeownership, are pleased to submit the following comments and recommendations concerning the current legislation on Inclusionary Zoning. The inclusionary zoning requirements, while only addressing a relatively small number of affordable housing units in relation to D C 's overall need, is sorely needed and long overdue. It is one of many legislative and public policy remedies needed to help adequately deal with our current affordable housing and ever growing persistent poverty crisis.

We strongly disagree with the current proposal's resale and length of affordability requirements/restrictions in regards to homeownership for lower income people. While we believe in reasonable length of affordability restrictions and resale/equity recapture requirements, we feel the current inclusionary zoning proposal goes way too far. It places extreme, unfair and discriminatory restrictions on us, the people who can least afford it. The proposal also fails to differentiate between different forms of homeownership and rental housing. This defeats the purpose of homeownership for lower income people like us, which is to provide a pathway out of low income status.

The logical end of the homeownership provisions in the current proposal is to, in effect, add to the creation of a permanent underclass of lower income people and make it even more difficult for us and generations who follow us to rise out of poverty through homeownership. As a result, it would keep us in a "second class" citizenship status.

In addition, the current proposal opts for the goal of preservation of affordable housing at the expense and to the serious detriment of affordable homeownership and wealth creation. Our city must be unalterably committed to creating a range of housing options and opportunities through homeownership, rental housing, limited equity coops, community land trusts, special needs, and transitional housing opportunities--a range of housing options along a continuum that equitably balances the need for long term and permanently affordable housing (primarily through rental) and equity creation options through homeownership with reasonable and fair restrictions.

So as to not deceive ourselves and first-time lower income homebuyers--such as we are, who are most adversely affected--the current inclusionary zoning proposal does not

ZONING COMMISSION
District of Columbia

CASE NO. 04-33
EXHIBIT NO. 174

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offer us the true benefits of homeownership and may even put us at a greater disadvantage

We urge the Zoning Commission, Mayor Williams and the City Council to seriously consider our concerns

Sincerely yours

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- The policy unintentionally will serve to perpetuate not just permanent affordable housing but a permanent underclass.

Recommendation:

We support and recommend a balanced program for affordable rental and affordable homeownership housing with a range of options as follows

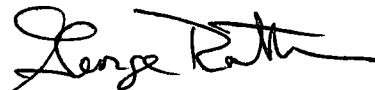
Permanently Affordable Rental Housing, Limited Equity Cooperatives, & Community Land Trusts Based on market conditions, require developers to create a certain percentage of these types of housing, pursuant to specified income guidelines, either on or off-site or make a substantial contribution to the Housing Production Trust Fund for properties that will be permanently affordable.

Affordable Homeownership Housing Determine the amount of public or private subsidy involved calculated as the difference between appraised market value and the sales price to an affordable buyer. Then, on a case-by-case basis, take a substantial percentage of that subsidy and require that it be repaid when the property is resold by the first low-income owner. This will be called *equity recapture* or *subsidy recapture*. That recaptured money should then be contributed to the Housing Production Trust Fund.

Secondly, create a personal covenant, signed by the first-time buyer and recorded, for a reasonable control period, no more than 5, 10 or 15 years, depending on the particular neighborhood. The covenant would require that the capital gains, or profits, from the sale of the property by the first owner be shared for that period of time based on a formula to be determined by the funding source. Those capital gains proceeds would be recycled back into affordable housing by their contribution to the Housing Production Trust Fund or the original nonprofit developer, if applicable. After the control period expires, the owner will be entitled to all the capital gains, but the owner will still be responsible for paying the equity recapture or subsidy recapture.



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***The underlined paragraph is a legal opinion expressed by the Howard University School of Law Civil Rights Clinic and the Fair Housing Clinic.**

April 19, 2006

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