

Harrison **HM**
Malone Development LLC.

April 24, 2006

Ms Sharon Schellin
Acting Secy to the Zoning Commission
DC Office of Zoning
441 4th Street, NW Suite 200 South
Washington, DC 20001

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ZONING COMMISSION
District of Columbia
CASE NO. 04-33
EXHIBIT NO. 189

RE: Case No. 04-33 –Inclusionary Zoning
Comments on the Notice of Proposed Rulemaking

Dear Members of the Commission

Harrison Malone Development Company (“Harrison Malone”) is a small, 100% minority owned residential development firm headquartered in the District of Columbia. Currently, all of our development projects are in the District of Columbia. The Inclusionary Zoning text amendment as proposed by the Commission could potentially put our company and those few MINORITY and FEMALE OWNED development firms that are similarly situated OUT OF BUSINESS in the Washington residential market. For the minority residential developers to remain viable, it would require leaving the District and seeking opportunities in other jurisdictions. This would be just one of the potential negative “unintended consequences” if the amendment is adopted as currently proposed. There will be others including a major reduction in housing starts in the City and an increase in the price of non-inclusionary zoning residential units thus widening the affordability gap and virtually eliminating the concept of “workforce” housing.

Harrison Malone currently provides affordable housing and obviously supports increasing affordable housing units in the District. We are opposed to Mandatory Inclusionary Zoning (“MIZ”) as the method as it poses a threat to our livelihood and the District residence whom we employ. As proposed, the additional density does not offset the economic burden placed on residential developers who are required to sell units at a deep discount. As a minority developer it is already difficult to obtain equity financing and if the amendment is adopted in its current form, it will be virtually impossible for our firm or other minority residential developers to attract capital as lenders will seek other places to invest their money based on better returns. This is fatal to minority developers.

Unlike, the larger development firm who have publicly expressed their intentions not to build residential units or to simply return to building office space if the amendment is adopted in its current form, we as a minority firm simply don’t have as many options. What is perplexing is that we along with other housing providers have suggested the requisite ratio to make the program viable which is 50% (1 to 1) for frame construction and 25% (3 to 1) for steel and concrete developments and this proposed amendment ignores all of the analysis that has been provided to make MIZ work.

As proposed this amendment could have the opposite effect of what it is trying to accomplish by chilling the creation of new residential units which ultimately means less affordable units and higher prices thereby widening the affordability gap and in the process destroying the few minority residential developers that exist in the District of Columbia which we are sure is not the Commission’s intention.

Sincerely,



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