



CHARLES E. SMITH COMMERCIAL REALTY

Mitchell N. Schear
President

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DC OFFICE OF ZONING
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April 24, 2006

Ms. Sharon Schellin
Acting Secretary to the Zoning Commission
Office of Zoning
Suite 200 South
441 Fourth Street, NW
Washington, D C. 20001

Re: Notice of Proposed Rulemaking ZC Case Number 04-33 on Mandatory Inclusionary Zoning (MIZ)

Dear Ms Schellin:

We are supporters of many of the recommendations of the Comprehensive Housing Strategy Task Force's recent recommendations to increase the production of affordable housing in the District, including Mandatory Inclusionary Zoning (MIZ) if the program is amended according to the recommendations listed below:

1. Regarding high-rise, concrete construction, the percentage of bonus density to be set aside for affordable housing at 80% of AMI should be 28% not 50% in order to provide enough market-rate unit profit to pay for the "loss" on selling an affordable unit below cost.
2. Remove the 8% of matter of right minimum affordable unit requirement as affordable units should only be required if bonus density is available.
3. Allow for the continuation of the current Planned Unit Development process as this allows for other amenities to be made available to the community and for projects where less than 20% bonus density is possible.
4. Remove the perpetual affordability requirement for ownership units as this is inconsistent with true ownership. an affordable unit owner will not participate in most of the appreciation of the unit but would be required to absorb any loss on a unit. We suggest that (a) the District recapture 100% of its subsidy if a unit is sold within ten years of purchase by an affordable buyer and 75% thereafter, and (b) an affordable buyer begin to share in appreciation on their purchase price, adjusted for inflation and home improvements (of which the owner would receive 100%), starting in the sixth year and increasing to 80% in the sixteenth year

ZONING COMMISSION
District of Columbia

04-33

23 CASE NO. 04-33 CRYSTAL DRIVE ■ CRYSTAL CITY ■ ARLINGTON, VIRGINIA 22202 ■ 703-769-8200

EXHIBIT NO. 199



ZONING COMMISSION
District of Columbia
CASE NO.04-33
EXHIBIT NO.199

5. Set a date for the effective date of the MIZ regulations at the later of (a) July 1, 2007, or (b) six months after the later of the three requirements below
 - i. The Mayor and DC Council pass the required legislation to administer the MIZ program,
 - ii. The mayor and DC Council fund the administration of the MIZ program with a minimum of five employees and a budget of \$750,000 per year for personnel ; and
 - iii. The Zoning Commission has "mapped" the areas of the District where MIZ applies
6. Remove the provision for the right of first refusal of the District government to rent or buy affordable units in a MIZ project as this further complicates a very complicated and untested administrative process
7. Raise the minimum size project to fifty residential units from ten units as (a) smaller projects will not add significantly to the production of affordable units, (b) including smaller projects may cause more projects like the "Belmont Tower," and (c) the costs of MIZ compliance cannot be spread over enough bonus market-rate units for smaller developers.

Without these amendments, Proposed Rulemaking ZC Case Number 04-33 will result in a program that (1) does not provide "just compensation", nor (2) is efficiently administered.

At risk for the District is the production of 1,000 to 1,500 MIZ affordable units as well as the underlying 11,000 to 16,500 market rate units (whose recordation, transfer and property taxes will provide the Housing Production Trust Fund and the District government with more than enough in tax revenue to make up for the affordable units "lost" by a requirement of 28% affordable units rather than 50%).

Thank you very much for this opportunity for comment

Very Truly Yours,



Mitchell N. Schear

cc Mayor Anthony A Williams
Council Chair Linda Cropp