



April 24, 2006

VIA HAND DELIVERY

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

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

Dear Members of the Commission:

Gotham Development LLC ("Gotham") is a small, minority owned residential development firm located in Washington, DC. After carefully reviewing the proposed Inclusionary Zoning text amendment as proposed by the Commission could, we believe that the amendment will have an extremely negative impact on our business and our ability to develop housing in this city. In order to provide the financial returns necessary to attract private equity Gotham will be forced to move to other jurisdictions to continue its development work. We have entered a slow down in the condominium market. The addition of Inclusionary Zoning will cause the housing development market to grind to a near halt. We do not believe that the amendment as proposed will lead to the intended result of creating a greater supply of affordable housing. We believe that many fewer market and affordable units will be produced. In addition, the amendment will have the unintended consequence of creating a more economically stratified city. The effect of the amendment will be to drive the cost of market rate units higher. The result will be the production of a modest amount of affordable units and the production of more expensive market rate unit. Work force housing units and units affordable for many families will be sacrificed.

Gotham Development supports increasing affordable housing units in the District but does not believe that Mandatory Inclusionary Zoning is the way to achieve this. We believe that the issue is not about the production of affordable housing, but is about how the housing is paid for. The bonus densities proposed in the amendment do not cover the cost of building the required affordable housing. This will not work. If a mandatory program must be established, then it is essential that the bonus densities provided as an off set are both achievable and cover cost. Not all sites will be able to utilized additional bonus density. For those sites that can not, there needs to be a simple and quick waiver process that removes the requirement to produce affordable units. The proposed ratio for the number of affordable units required does not cover the costs to build the units. A ratio of 25% or 1 affordable unit to 3 market rate units is required to cover the cost of providing the affordable units in the bonus density. There should be no additional requirements for affordable units in non bonus space as the cost to provide these units is not covered by the density bonus.

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ZONING COMMISSION
District of Columbia
CASE NO.04-33
EXHIBIT NO.206

We believe that a real conversation needs to be had about how to create the most affordable housing and whether the goal of the inclusionary zoning program is to create the most affordable housing units or to achieve economic integration every where. The subsidy that is required to reduce the cost of a high rise condominium unit downtown for a single individual, could be alternatively used to house several families in a garden style unit in other parts of the city. As a nation we have determined that families, particularly low to moderate income families, are not well served by living in high rise buildings. This inclusionary zoning amendment, as proposed, will create public policy that runs counter to the needs of District families. Many members of the affordable housing community agree that housing subsidy could be more effectively spent in the neighborhoods rather than downtown. The areas in which any inclusionary zoning program is implemented should stimulate rather than retard development and should not be skewed to provide units suitable to one segment of the population over others.

The adoption of any mandatory inclusionary zoning program must allow time for the market to transition, allow land prices to adjust and insure that developers working on current projects do not get negatively impacted. We recommend that a transition period of three years be established to permit land prices to adjust to the new program.

Lastly, it is our belief that the impact of the adoption of the proposed amendment will be greatest on small, local, and minority developers. Larger companies are more geographically diversified and have deeper pockets with which to wait out a market in transition. The proposed changes will have a stark and dramatic effect on the residential development market place and smaller firms will be forced to do business else where or face going out of business.

We and other members of the development community are hopeful and optimistic that the proposed amendment can be modified so that these concerns can be addressed. We recommend that this process be slowed down so that any amendments adopted will not have the unintended effect of reducing the production of affordable units or negatively impacting small, local and minority businesses.

Sincerely,



Desa Sealy Ruffin, President
Gotham Development LLC

Cc: Mayor Anthony Williams
Robert Bobb, City Administrator
Linda Cropp, Chairman of the DC Council
Sharon Ambrose DC Council
Jack Evans DC Council
Kwame Brown DC Council
Ellen McCarthy, DC Office of Planning

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JUN 24 PM