

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF PLANNING



ZONING COMMISSION
District of Columbia

Office of the Director

CASE NO. 04-33
EXHIBIT NO. 2

MEMORANDUM

TO: District of Columbia Zoning Commission

FROM: JLS for
Ellen McCarthy

DATE June 30, 2006

SUBJECT: Zoning Commission Case 04-33 Inclusionary Zoning Mapping Set Down Report

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JUN 30 2006

I. INTRODUCTION

A. OFFICE OF PLANNING RECOMMENDATION

The Office of Planning (OP) recommends that the Zoning Commission schedule a public hearing on the mapping of Inclusionary Zoning (IZ) to the following zoning categories throughout the District of Columbia (Figure 1 is a map of this proposal):

Areas Included in Mandatory IZ

- Residential Zones: R-3 through R-5-D
- Commercial Zones: C-1 through C-4
- Other Mixed-Use Zones: CR, SP and W-1 through W-3

Areas Excluded from Mandatory IZ

- Downtown Development District (DD)
- Transferable Development Rights (TDR) Receiving Zones
- R-1 through R-2 and R-5-E, GOV, M and C-M Zones

This current proposal refines the Office of Planning's previous set down report dated April 29, 2005. A review of the previous report is found in Section (III A) of this report.

OP reexamined our earlier proposal and based on testimony and Commission comments has modified the mapping set down proposal using the following concepts, which are discussed fully in this report. Briefly these concepts are

- Equity – Testimony at the initial public hearing expressed concern about the impact on property owners facing IZ requirements across the street from property owners without IZ requirements**
- Simplicity – OP’s initial target areas were a complex set of areas that could be confusing, and would be difficult to map, and to enforce**
- Effectiveness – By extending the requirement to all appropriate zoning categories the District can maximize the opportunity IZ provides toward assisting in the development of affordable housing.**

OP also took into consideration two criteria raised by the Zoning Commission during deliberations 1) major transportation corridors should be included, 2) areas where there was no opportunity for bonus density to balance the IZ requirements should be excluded.

Excluded areas include the DD and TDR overlays, and the R-5-E zone. Beyond these considerations OP reaffirms its position that

- IZ is not appropriate in R-1 and R-2 zones based on the Comprehensive Plan’s designation that those areas are for single family detached housing and the objectives of IZ that affordable units not be visually distinguishable from market rate units**
- IZ is not appropriate in C-5 zone because it is developed according to the Pennsylvania Avenue Development Plan**
- IZ is not appropriate in areas that do not permit housing such as GOV, M and C-M zones.**

Any rezoning to IZ applicable zones would trigger an IZ requirement.

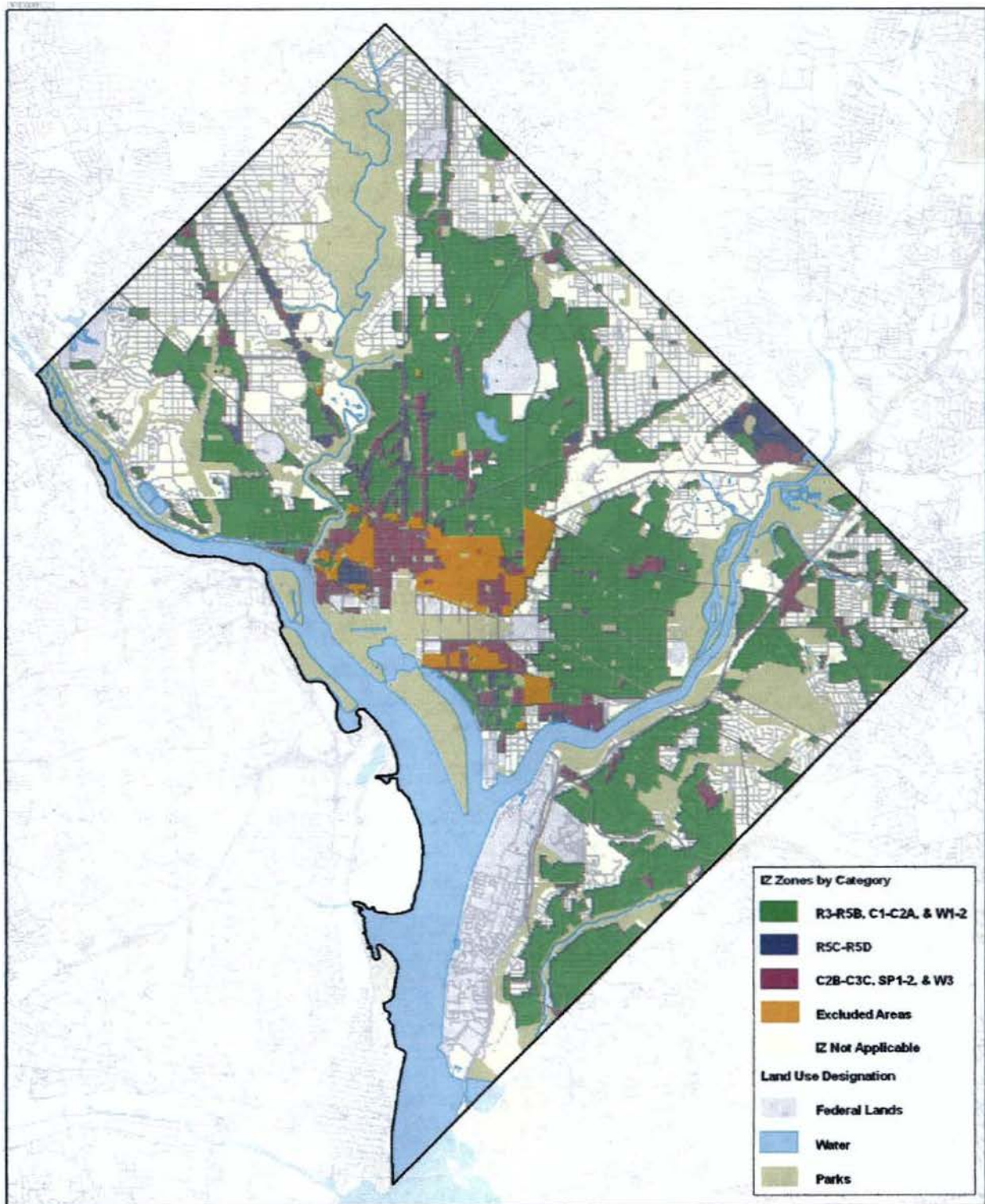


Figure 1. Proposed IZ Target Area (an 11" x 17" is included in Attachment 1)

NOTE: Map may not reflect the most recent zoning changes.

B. PROCEDURAL ISSUES

There are two procedural issues that the Office of Planning wishes to bring to the Commission's attention.

Vesting Considerations

Because the proposal could be considered an overlay, it would be considered to be a map amendment. As such, the "setdown rule", 11 DCMR § 3202.5, would apply causing the most restrictive language to be used. However, the Office of the Attorney General (OAG), has advised that the IZ regulations require the legislation action and the price schedule be approved by the City Council before the IZ overlay can be enforceable.

Public Posting Considerations

The status of this Petition as a map amendment would also require the Petitioner to "post the street frontage of each square affected by the rezoning proposal with a notice of public hearing", 11 DCMR § 3014.3. Strict compliance with this rule would require the Petitioner to post approximately 20% of the land in the District. Clearly this would be unduly burdensome. For this reason OP, on behalf of the Petitioner, requests a waiver of this rule.

II. BACKGROUND: REVIEW OF MULTI-STAGE PROCESS

A. DESIGN STAGE OF INCLUSIONARY ZONING (COMPLETED)

At the May 9, 2005 hearing the Zoning Commission decided to consider Inclusionary Zoning (IZ) in two steps. The first step was to consider the design of the program. Three public hearings were held in July 2005 and a fourth night of presentations by OP and the petitioner was held on August 1, 2005. Following deliberations of the Commission in September through November 2005, the Zoning Commission decided to request language from the Office Attorney General in December. Language was submitted to the Zoning Commission and considered at their February 2006 public meeting. A draft of proposed regulations was published in the DC Register on March 10, 2006 with deadline for written comment of April 24, 2006. The Zoning Commission considered the written comments and took final action at their May 18, 2006 public meeting. The final language is found in Attachment 2.

B. MAPPING STAGE OF INCLUSIONARY ZONING (BEGINNING)

This report begins the process for considering where Inclusionary Zoning should apply in the District. It discusses the underlying concepts directing OP's recommendation, and lays out the potential impacts to neighborhood character, services, schools and other public infrastructure that OP will research and provide recommendations to the Zoning Commission in our Public Hearing report.

C. EMPOWERING LEGISLATION FOR INCLUSIONARY ZONING (CONCURRENT)

Concurrent with the Zoning Commissions consideration of the mapping, the Mayor and the Chair of the Council are introducing empowering legislation and administrative regulations to govern the management and enforcement of the Inclusionary Units. A copy of the bill and draft regulations can be found in Attachment 3 of this report.

The Council process and schedule should be fairly similar to the Zoning Commission. Public hearings on the bill are to be scheduled for September with first and second readings in October and November respectively and a vote estimated for December. The legislation will then be considered by Congressional review in 2007. This process is comparable to the National Capital Planning Commission's review of the new Zoning Regulations.

III. MAPPING CONCEPTS

A. REVIEW OF INITIAL MAPPING CONCEPTS

OP's original concepts were derived through discussions with the Campaign for Mandatory Inclusionary Zoning (CMIZ) and an interpretation of the Comprehensive Plan and the Generalized Land Use (GLU) map and Generalized Land Use Policies (GLUP) map. The preliminary areas identified included metro station areas, development opportunity areas, housing opportunity areas, special treatment areas. Figure 2 illustrates the scope of areas that had been considered based on the following interpretations:

- Metro Stations – Transit Oriented Development (TOD) research has generally concluded that transit station demand areas are approximately a 10 minute walk to and from the station or about a half mile radius.
- Housing Opportunity Areas (HOA) – HOAs are areas where the District expects and encourages significant concentrations of new or rehabilitated housing. The Comprehensive Plan does not provide precise boundaries for HOAs on the Generalized Land Use Policies map. They are intended to be general identifiers of neighborhood areas where housing development is encourage. For the sake of mapping IZ and conducting analysis, OP created a quarter mile radius around the HOA icons of the Generalized Land Use Policies map.
- Development Opportunity Areas (DOAs) - DOAs are areas that offer opportunities to accommodate new residential or, commercial development, employment centers, or a mixture of uses. Similar to HOAs the Comprehensive Plan does not precisely map the boundaries of DOAs. OP used the same quarter mile radius as HOAs to define DOAs for the sake of mapping and analysis.

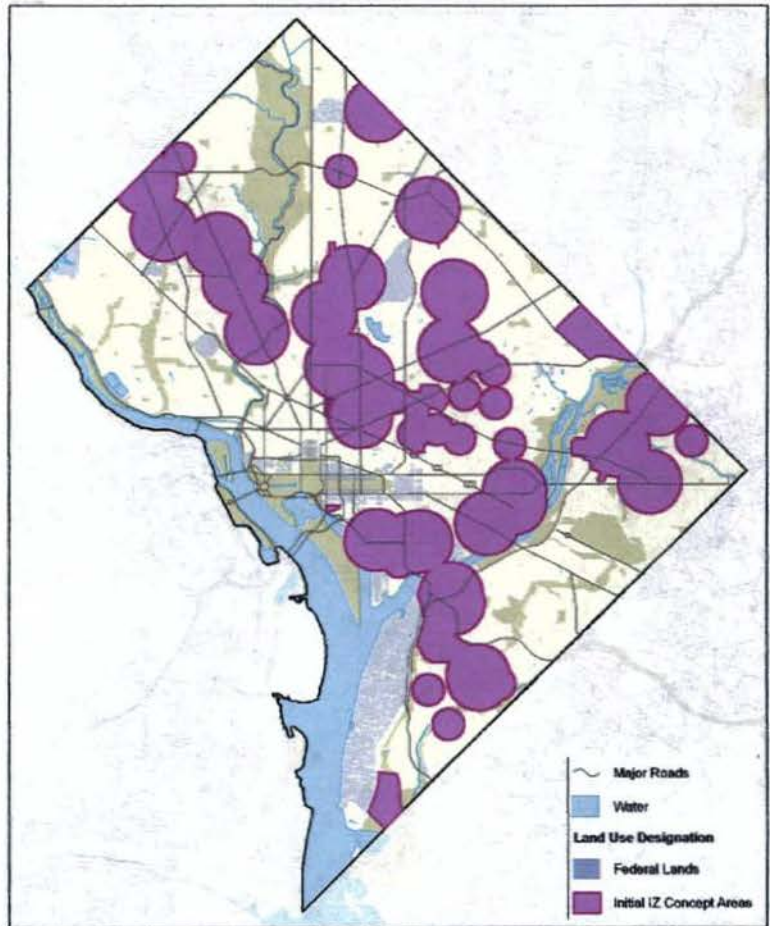


Figure 2. Initial Concept Areas

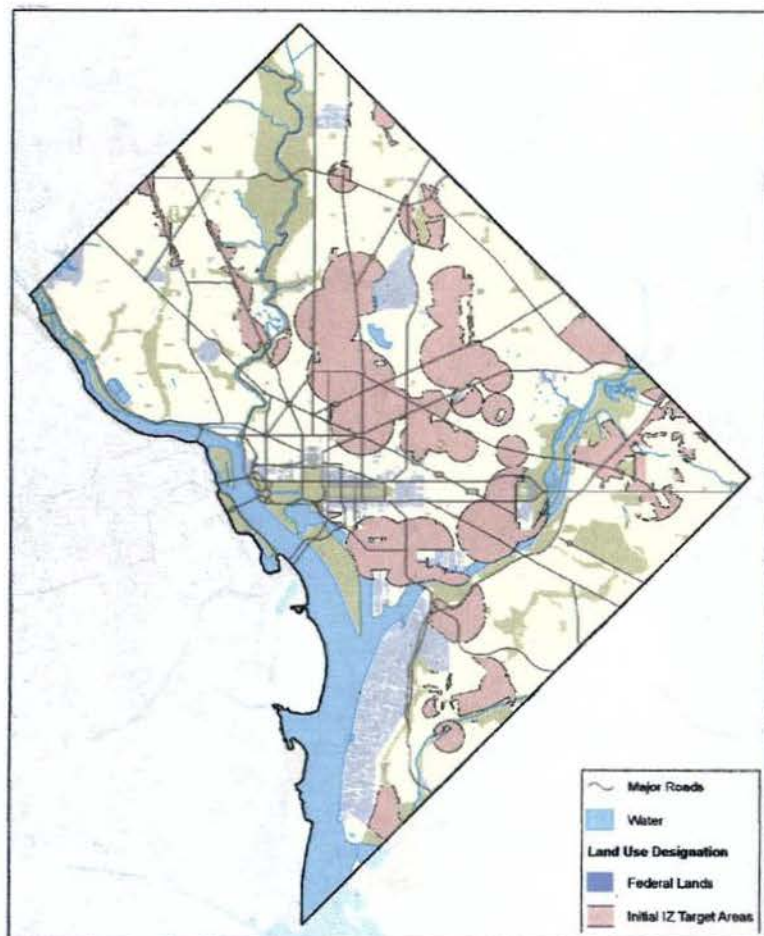


Figure 3. Initial IZ Target Areas

Government and land owners, lead to errors, and be hard to enforce. Second, the overlay suggests that a property in the conceptual area (Figure 1), could be rezoned to a zoning category appropriate for IZ, but not have any IZ requirement applied to it.

NOTE: 11 x 17 inch versions of Figure 1 and Figure 2 can be found in OP's April 29, 2005 report.

B. COMPREHENSIVE PLAN BASIS

The expansion of IZ requirements proposed in this report is supported by several of the Comprehensive Plan's written elements; that they can be applied in ways that are not inconsistent with the Generalized Land Use Map, and are supported by designations on the Generalized Land Use Policies Map.

Written Elements

The District's Comprehensive Plan contains policies in several sections that support diversity and inter-relationship of responsibilities among neighborhoods to meet the needs of all residents. The Plan also states clearly that housing is key for access to employment, transportation, retail, and other services. Specifically, policy and goal statements supporting affordable housing and housing for low or moderate-

- Special Treatment Areas (STA) – STAs are areas that exhibit unique physical, social, or functional characteristics and features and require case-specific planning actions. STAs may be defined by functional criteria, such as the need for well-targeted and coordinated planning program initiatives to achieve common objectives. The Comprehensive Plan does provide specific boundaries for STAs.

OP then adjusted the conceptual areas by eliminating inappropriate zoning districts such as the aforementioned R-1, R-2 M and C-M zones and lands identified as GOV.. This step resulted in very complex and intricate target areas. Figure 3 illustrates the result of these mapping steps.

OP has reconsidered this step shown in Figure 3 for two very important reasons. First, it creates a very complex patchwork of areas across the city that would be difficult to document in regulation, create administrative confusion to both District

income households are found in Chapter 3, the Housing Element, in all eight of the Ward Plans, the Downtown Development Overlay District/Housing Priority Area, the Uptown Arts Special Treatment Area, and the Reed-Cooke Special Treatment Area,

A list of Comprehensive Plan citations from the General Element, the Housing Element and the Land Use Element are included below, with the emphasized sections in bold italics

CHAPTER 1: GENERAL PROVISIONS ELEMENT

Providing For Diversity and Overall Social Responsibilities

111 1 Each distinct neighborhood of the District is an integral part of a diverse larger community that contributes to the District's attractiveness and strength

(a) Although many residents have sufficient means or individual support systems to be self-reliant, other residents are periodically more dependent on the larger community for support or assistance in their daily living; and

(b) While the District must strive to increase educational, employment, and other opportunities to reduce such dependency, *all neighborhoods should share in the overall social responsibilities of the community, including, but not limited to, housing the homeless, feeding the hungry, accommodating the disabled, and welcoming residents of diverse backgrounds and needs.*

CHAPTER 3 HOUSING ELEMENT

300 Declaration of Major Policies

300 4 Housing in the District is viewed as a key part of a total urban living system that includes access to transportation and shopping centers, the availability of employment and training for suitable employment, neighborhood schools, libraries, recreational facilities, playgrounds, and other public amenities

301 *Housing Goal*

301.1 It is the goal of the District to have adequate affordable housing for all District residents in communities that have access to services and facilities to meet their needs.

302 Housing: General

302 1 The general objectives for housing are to *stimulate production of new and rehabilitated housing to meet all levels of need and demand and to provide incentives for the types of housing needed at desired locations.*

302.1 is a particularly important statement. It encourages incentives for housing *"to meet all levels of need and demand"* at desired locations. One interpretation of this would be the Housing Opportunity areas, however it does not specifically refer to HOAs, which suggests a broader context.

302 2 The policies established in support of the general objectives for housing are as follows

(b) Review and recommend suitable regulatory zoning, tax, and financing incentives under appropriate controls to meet housing production goals, particularly for low-income, moderate-income and elderly households;

Section 302 2 provides the strongest support for an inclusionary requirement. The Comprehensive Housing Strategy Task Force's report also concluded that IZ was an important tool in meeting the District's production goals.

(h) Establish concrete goals for the location, type, size, and cost of new housing units by ward and neighborhood based upon a needs assessment study to be conducted by the executive branch using the latest census and other available data for the District, to be done at least every ten (10) years, and

303 Low and Moderate Income Housing

303 2 The policies established in support of the low- and moderate-income housing objectives are as follows:

(d) Provide zoning incentives, as appropriate, to developers prepared to build low- and moderate-income housing, such as permitting additional densities in exchange for incorporating low- and moderate-income housing in development projects; the provision of housing into large-scale commercial developments where zoning benefits are sought, and give zoning preferences to mixed-use sites that include housing near appropriate Metrorail stations;

The first statement in sub-paragraph (d) for affordable housing is separate from the second and third statements. The first third of (d) suggests providing appropriate incentives for affordable housing regardless of location, while the third statement stresses encouraging mixed-use projects near metro stations.

304 2 The policies established in support of the housing for the elderly objectives are as follows:

(c) Provide zoning incentives to developers prepared to build elderly housing, such as permitting additional densities in exchange for incorporating elderly housing in development projects, and give zoning preferences to mixed-use sites which include housing near appropriate Metrorail stations; and

CHAPTER 11 LAND USE ELEMENT

1100 Declaration of Major Policies

1100 2 District neighborhoods are the cornerstones of the District's social and physical environments.

(b) The Land Use Element supports incentives for residential and commercial development east of the Anacostia River. In addition, it encourages a substantial amount of new housing, primarily in housing opportunity areas and near Metrorail stations...

The Comprehensive Plan also lays the groundwork for three housing incentive overlay districts that have been implemented through the Zoning Regulations.

- *The Downtown Development Overlay District/Housing Priority Area* §903 identifies the creation of a mixed-income residential community within the Downtown core as a major objective of the Comprehensive Plan. In 2002 the Zoning Commission decided to encourage greater housing development in the Housing Priority Areas of the DD by relieving residential development of FAR restrictions. Due to the existing bonuses already in place in the DD there is no additional capacity for IZ related bonus density. Therefore OP is recommending that IZ not be mapped in combination with the DD overlay.
- *The Reed-Cooke Special Treatment Area* §1127.2(a) designates a portion of Adams Morgan as a special treatment area where one policy is to “provide for the development of new housing.” The voluntary affordable housing provisions of the overlay provide a 33% bonus, 50% of which needs to be dedicated to affordable housing. A “moderate” income household in the case of Reed-Cooke is considered to earn up to 95% of the AMI. This permits 10 additional feet of height (the equivalent of an extra floor) to a building by special exception. Because the RC Overlay already provides the bonus density related to affordable housing at the same ratio as the IZ program, OP recommends that the voluntary provision be converted to mandatory consistent with the IZ program.
- *The Uptown-Arts Special Treatment Area* §1130.2(n) designates portions of 14th and U Streets, NW as a special treatment area where one policy is to “provide new housing opportunities.” The voluntary affordable housing provisions of the overlay provides a 1:3 ratio of affordable units to bonus, or 33% of the bonus must be affordable. However, the affordable housing provision of the Uptown Arts Overlay has only been used once, as bonus density has been more easily achievable through the provision of other preferred uses. Because the Uptown Overlay provides the bonus density related to affordable housing at different ratios than the IZ program, OP recommends that the voluntary provision be converted to mandatory consistent with the IZ program including the bonus ratio.
- *Capitol Gateway Overlay:* §1600 covers Buzzard Point and the Capitol Gateway areas, which are designated by the Comprehensive Plan as mixed-use areas. The zoning overlay provides one (1.0) FAR as bonus density provided that a minimum of 1.0 FAR is residential use.

Both areas have seen developers access the bonus in exchange for the affordable units.

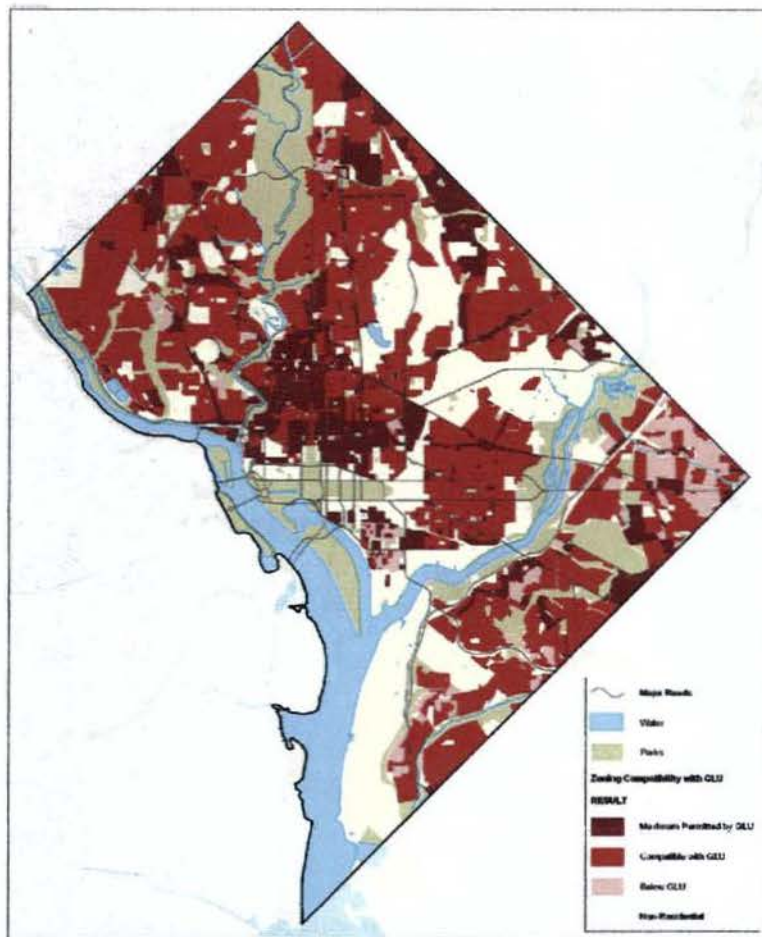


Figure 4. Zoning to Comprehensive Plan Consistency

The Generalized Land Use Map (GLU)

The Comprehensive Plan Generalized Land Use (GLU) map provides guidance for the implementation of the goals and policies in the written elements. Figure 4 indicates the correspondence between zone districts and the generalized land use categories. In comparing the GLU map and Figure 4, it appears that the following residential areas could receive density increases and not be inconsistent with the GLU map's land use designation.

- An area designated for Moderate Density Residential on the Generalized Land Use Map and zoned at an intensity of R-5-A or lower;
- An area designated Medium Density Residential on the map and zoned at an intensity of R-5-B or lower;
- An area designated for High Density Residential use and zoned at an intensity of R-5-D or lower.

Figure 4 is a map of zoning districts and their relationship to the GLU map. The dark red areas are those that are zoned at their theoretical Comprehensive Plan limit. Medium red areas are within the same GLU category, but not at the limit that is consistent with the Plan. Finally, the pale pink areas are those zoned below the Comprehensive Plan land use category.

This map demonstrates that considerable areas of the city are not at their theoretical limit; however it is important to note that this map is only for illustrative purposes. First it is an interpretation of only one part of the Comprehensive Plan, the GLU map. The Generalized Land Use Policies (GLUP) map provides further guidance. Second, to tie granting bonus density solely to this map would be enormously complex task as can be seen by the complexity of patterns. Third, the Comprehensive Plan and the Zoning Regulations permit PUD bonuses even if a property is at its maximum intensity permitted by the Plan. Finally, the update of the Comprehensive Plan includes a consistency effort that will significantly change the analysis this map represents.

It is also important to remember that the GLU map is not always an illustration of existing land uses. The map charts intended land use policies. Some portions of the map have not been revised since the

Comprehensive Plan was adopted in 1984. The present Comprehensive Plan process is identifying areas where there are conflicts between existing land uses and those areas' designations on the Generalized Land Use map. This will assist in identifying areas where the generalized land use designation may need to be changed.

Generalized Land Use Policies Map (GLUP)

The GLUP map designates three types of areas special areas where focused planning attention, concentrated development, or additional density, may be appropriate:

- *Development Opportunity Areas (DOAs)* - DOAs are areas that offer opportunities to accommodate new growth and development. These areas may be designated for housing, commercial development, employment centers, or for a mixture of uses.
- *Housing Opportunity Areas (HOAs)* - HOAs are areas where the District expects and encourages significant concentrations of new or rehabilitated housing. Although HOAs are not the only areas where new housing units will become available, they represent some of the largest concentrations in the City.
- *Special Treatment Areas (STAs)* - STAs are areas that exhibit unique physical, social, or functional characteristics and features and require case-specific planning actions. STAs may be defined by functional criteria, such as the need for well-targeted and coordinated planning program initiatives to achieve common objectives.

As with the GLU map, the GLUP map provides illustrative guidance to the Comprehensive Plan and must be interpreted in the context of the Plan's written elements.

Summary of IZ Relationship to Comprehensive Plan

OP believes that the mandatory inclusionary zoning programs is firmly grounded in the Housing Goal of the Comprehensive Plan¹ and that there is access to appropriate services and facilities.

C. EQUITY

Property Equity

Testimony given during the public hearing last summer suggested that the overlay approach, regardless of the attempt to balance the requirements with incentives, placed an uneven burden across property owners:

"If I had a project across the street from one of those boundaries, however you decide to draw it, or a project of something less than the minimum threshold, I don't have any responsibility. A project that's on the other side of the street that's over the threshold, he has to bear part of that responsibility. Why should he have responsibility when the rest of the folks don't?"

¹ "It is the goal of the District to have adequate affordable housing for all District residents in communities that have access to services and facilities to meet their needs"[10 DCMR § 301.1]

Jurisdictions where inclusionary requirements were limited to target areas have sometimes found that they affected development patterns. Where the incentives were insufficient to balance the requirements, development was steered away from the target areas. Dallas, Texas is an example of such a community. Conversely, if the incentives were too generous they could steer development away from non-target areas. Even when the requirements and incentives are balanced, there is the so called "hassle factor" of new administrative documentation and processes that must be followed. In terms of equity, IZ requirements should be spread evenly to the greatest extent possible.

Neighborhood Equity

When expanded beyond just the immediate property owners to equity across neighborhoods, this statement is particularly appropriate in light of Comprehensive Plan paragraph 111.1 (b) listed above and repeated below,

"all neighborhoods should share in the overall social responsibilities of the community, including, but not limited to, housing the homeless, feeding the hungry, accommodating the disabled, and welcoming residents of diverse backgrounds and needs"

This Comprehensive Plan paragraph reaffirms the notion that IZ requirements should be spread as evenly as possible throughout the District. It states that if there is a valid public goal to be achieved, then all of the District's neighborhoods should share in the responsibility of accomplishing it.

D. SIMPLICITY

OP has given considerable thought to our initial IZ target areas and concluded they would be too complex, difficult to map, confusing to understand, lead to errors, and be hard to enforce. Expanding the IZ requirement to all appropriate zoning categories is a much simpler format and provides much greater clarity than an overlay that intricately follows rear lot lines, streets, and alleys.

The expanded format makes it simpler for developers and the District alike to understand the requirements and administer them appropriately.

E. EFFECTIVENESS

Expansion of the IZ requirement to all appropriately zoned areas maximizes the potential effectiveness inclusionary zoning can have for the District. Despite market changes, there is still an affordability problem in the District.

Over the past several months, the pace of sales and the rise in sales prices have moderated. The median condominium sales price dropped by 4% from \$375,000 to \$359,000. This moderation in the market is somewhat due to a slight drop in immediate demand caused by rising interest rates, but largely due to

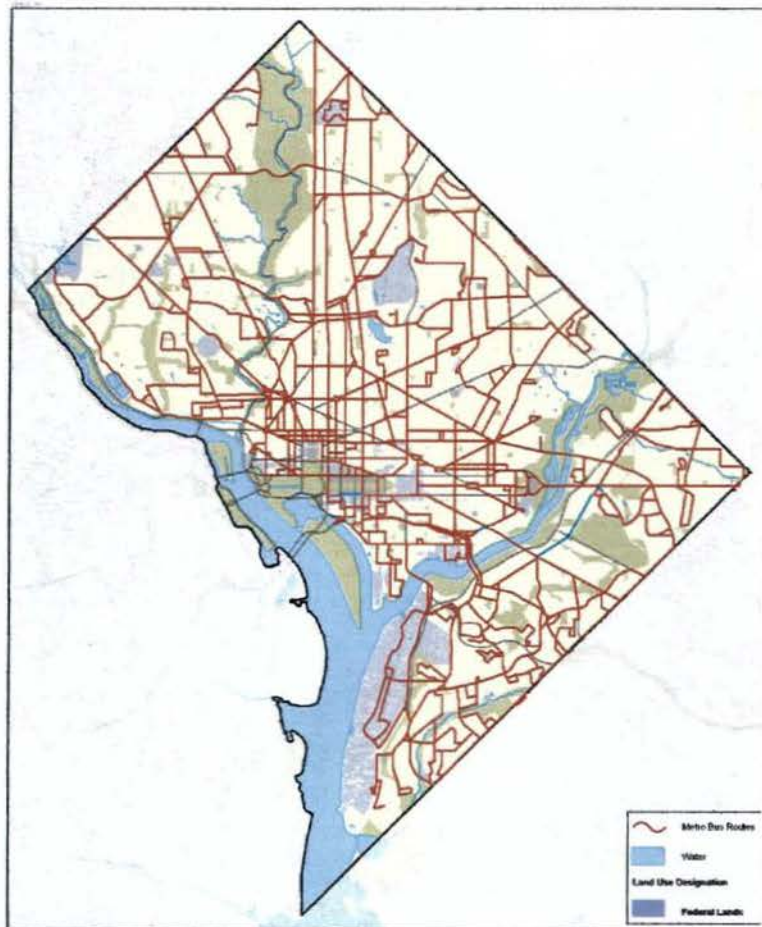


Figure 5. Metro Bus Routes in DC

the increase in supply, with listings up by 234%². However the median sales price is still six times the District household median income of around \$60,000 and revitalization pressures are continuing to reduce the availability of affordably priced housing.

As rising interest rates affect the ownership market, the rental market gains strength. Rental rates are rising again and concessions such as one or two months rent free offered to fill vacancies are disappearing.

Link to Target Households

Part of creating an effective IZ program is ensuring its connection to other programs that benefit the target households. A major focus of OP's initial mapping was the proximity of metro stations. However, when considering lower income households, bus transportation provides measurably larger value than metro stations. Regionally, low-income workers

are almost twice as likely to use bus transportation as they are metro rail and over 4.5 times more likely to use bus transportation than the average worker.³ Figure 5 maps the network of bus routes throughout the District. It clearly shows the extensive network of bus routes throughout the city. 90% of the city is within a five minute walking distance to a bus line.

During early deliberations the Zoning Commission stated that major corridors should be added to OP mapping concepts. A definition of a transportation corridor is the presence of public bus routes. Given that 30% of low income households have no access to a vehicle, OP recommends that IZ should take advantage of all public transportation infrastructures.

² Greater Capital Area Association of Realtors.

³ National Capital Regional Transportation Planning Board (NCRTB), *Transportation Issues for Low-Income Populations: Findings and Recommendations*. Draft Report January 11, 2006.

F. EXCLUDED AREAS

The Zoning Commission made it very clear that in areas of the District where there was no potential opportunity to offer bonus density, no IZ requirement should apply. Figure 6 is a map that summarizes these areas.⁴ Lack of opportunity for bonus density is essentially due to FAR limits set very close to what reasonable lot occupancy and the 1910 Height Act will allow. OP has identified three such areas of the District: TDR Receiving Zones, the DD, and the R-5-E.

TDR Receiving Zones

OP recommends that TDR receiving zones be excluded from IZ requirements. There are five Transfer of Development Rights receiving zones in the central part of Washington. In many of the receiving Squares, enough development rights can be purchased to permit the maximum possible development for those areas, given existing restrictions on lot occupancy and height. In such locations, there is essentially no way additional density could be used as incentives or compensation for inclusionary housing. For this reason TDR zones should be excluded from mandatory IZ requirements. However, OP recommends to the Zoning Commission that Inclusionary Zoning be a voluntary method where by a development project can achieve the same height and density bonuses permitted by the purchase of TDRs.



Figure 6. TDR and DD Overlays

The Downtown Development District (DD)

OP recommends excluding the DD from IZ requirements. The changes made to DD Zoning Regulations permitted residential buildings to be built to an FAR limited only by lot occupancy and the Height Act. In many cases this meant a roughly 20% to 25% increase in FAR. There essentially is no further bonus density that can be given in the DD. As a result the DD should be excluded from IZ requirements.

⁴ Recent Commission decisions regarding the DD are not reflected in this map.

R-5-E

OP recommends that the R-5-E be excluded from Mandatory IZ requirement because analysis indicates that the potential to achieve the bonus density is extremely limited. In our July 26, 2005 public hearing report, OP recommended that the lot occupancy limit be expanded from 75% to 90% in order to access the 20% bonus density. While this may be achievable with certain properties located at corners, interior lots would be hard pressed to follow light and air requirements for rear and side yards.

OP has done further analysis on the impact of that change. OP looked at typical property sizes and buildings in the R-5-E and tested the impact of 90% lot occupancy on the potential envelope. Of the properties sampled, most buildings fit nine stories into 90 feet with a lot occupancy averaging 65%. Expanding the lot occupancy to 90% conflicted with the minimum rear yard requirement. In addition, it required that the property essentially be surrounded with public rights of way such as streets or alleys in order to provide adequate light and air. Even achieving a 16% bonus to balance the minimum IZ requirement is difficult if the property is an interior lot that shares a common wall, unless the property is of sufficient size. This is why PUD regulations provide no density bonus in an R-5-E zone. The 6.0 FAR permitted for residential is essentially the maximum possible.

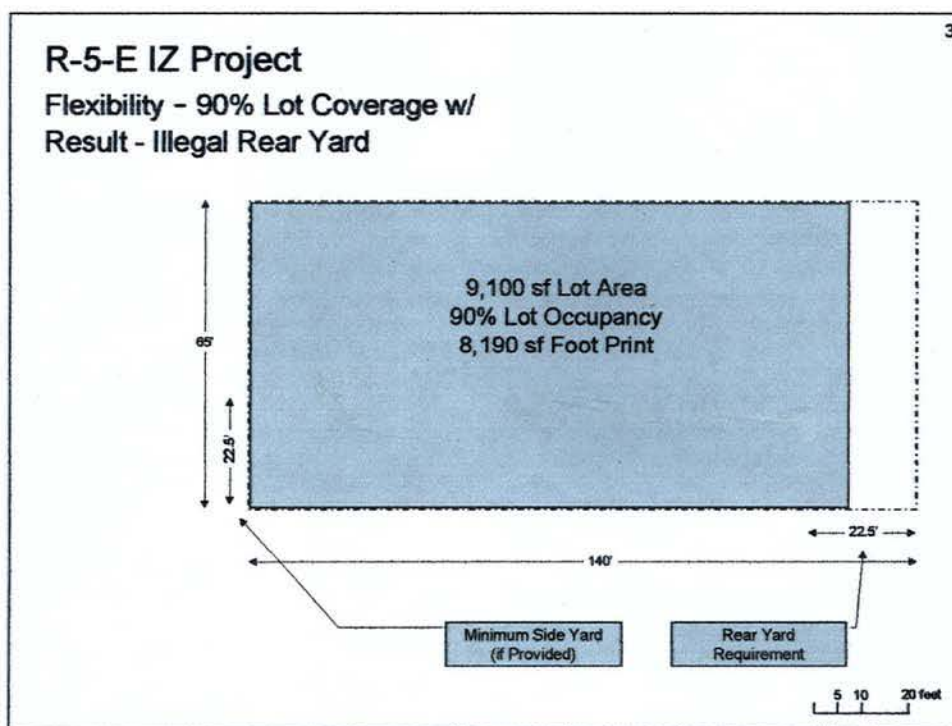


Figure 7. Sample R-5-E IZ Property

In general reaching the lot occupancy proposed in 2602.4 of the proposed text is difficult for housing given light and air requirements of rear and side yards, and courtyards. OP will focus much of our final

report and provide further discussion on the impacts of height and lot occupancy on neighborhood form and the ability to achieve bonus density.

Alternatives to full exclusionary include:

- 1) Apply IZ but provide for individual site review of projects by OP to determine if bonus density is feasible.
- 2) Require IZ with little opportunity of bonus density.

OP provided the two alternatives to full exclusion for a variety of reasons. Since some sites would be able to achieve the bonus density, Alternative 1 would require OP to review a site plan and confirm to the Zoning Administrator there is no opportunity to achieve the bonus. Alternative 2 recognizes the R-5-E is mapped in limited areas of the city that are predominantly built out and there is little opportunity for new development within those areas. Figure 8 below shows the R-5-E areas.

Placing a mandatory IZ requirement would therefore have little impact in the near term on either development or supply of affordable units. By the time significant properties are available for redevelopment land values would have time to adjust to the requirement. Therefore placing a requirement now would have little negative impact on development. The final component of this is in residential zoned areas housing development does not have to compete for land with commercial uses. Therefore the fear of losing housing in favor of commercial development is lessened.

Overlay Areas

The Office of Planning has identified areas that because of overlays or existing zoning additional discussions are needed. These are the Uptown Arts, the Reed-Cooke, SE Federal Center and the Capitol Gateway overlays.

The first two (Uptown Arts & Reed-Cooke) provide bonuses for affordable housing. In these areas OP is recommending the voluntary affordable units become mandatory and the bonus converted to that provided by IZ. Essentially this means that those sections would be deleted from the overlay regulations. In the case of the Uptown Arts overlay which also provides bonuses for retail and other uses, OP recommends that a development exhaust the IZ bonuses before being able to use the other bonuses. OP believes that a critical mass of retail and arts are either now existing or on the way that future retail and arts uses will be attracted to the area.

The Capitol Gateway overlay provides a 1.0 FAR bonus density for projects including residential use. It also provides for combined lot. OP recommends that the IZ bonus and requirement be based on the base zones in the GG overlay and not apply to the 1.0 FAR bonus. The 1.0 FAR bonus of the CG overlay would be in addition. A site limited to a base of 6.0 FAR would therefore get a bonus of 1.2 FAR (20%) from IZ with 50% of that bonus affordable. With the CG bonus in addition the total FAR would be 8.2. This is comparable to the original Housing Priority Area A of the DD which was permitted 8.5 FAR. OP has not completed analysis of the CG overlay and recent the expansion of it across to the west side of South Capitol, but concern has been expressed on the difficulties surrounding lot occupancy with the front yard set backs in addition to the required rear yard set backs.

SEFC has met with OP to discuss excluding the SEFC from the IZ requirements based on other existing government agreements. OP has asked for additional information and will include the issue in the report at the public hearing.

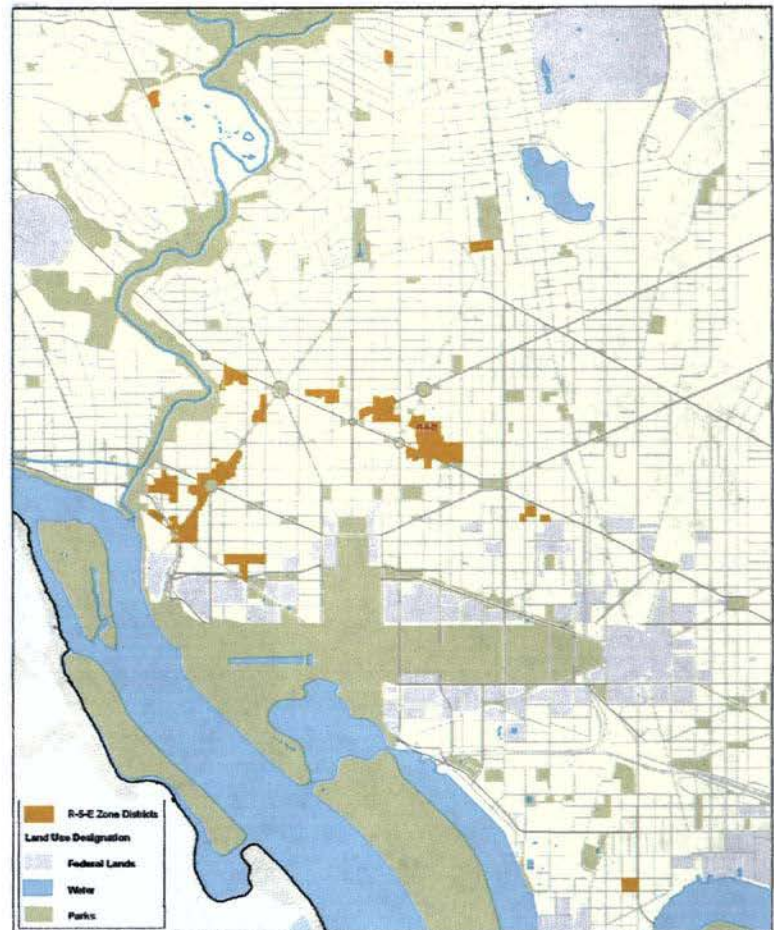


Figure 9. Location of R-5-E Zones

IV. DRAFT IMPACT ANALYSIS

In order to estimate the impacts of IZ on the District of Columbia, OP will look at the potential increase in the number of units, where they are likely to be located, and their impact on various public services and infrastructure. The following section discusses potential impacts on development and population, neighborhood character, public services and infrastructure.

A. DEVELOPMENT & POPULATION

Development

From 1999 to 2005 the District approved an average of approximately 1,720 new construction residential units a year, from a low of 920 units in 2000 to a high of 2,860 units in 2005. Upwards of 90% of these units are part of multi-unit projects of 10 or more. In addition, some of these approved units are the result of PUDs that already

Assumptions		Units
Average Annual Production		1,720
10 units or more	90%	1,548
Bonus Density	20%	310
Percent Affordable	55%	170

Table 1. Estimate of Average Annual Production

include density bonuses and others are outside even the expanded proposed IZ target area. Table 1 above provides OP's assumptions and estimate of the average annual production of IZ.⁵ However this number could vary dramatically from year to year. In very productive years like 2005 roughly 280 affordable units would be added to DC's stock of affordable units. In years like 2000 only 91 affordable units might be developed. However, OP's official estimates to the Washington Metropolitan Council of Governments based job growth and household formation estimate that production closer to the 2005 number.

The next step in estimating the impact is identifying where future development is likely to happen. Figure 7 is a map of the District by Traffic Analysis Zones (TAZ).⁶ OP's TAZ analysis is based on the pipeline of development activity, new neighborhoods, and available vacant land. The map shows where the majority of future growth is likely to happen. Most of the growth is expected to happen from Shaw and NoMa out the Red Line into Northeast and at the Soldier's & Airmen's home, SW/SE Waterfront, and east of the river at the Anacostia, Congress Heights and Minnesota metro stations. Some of the major expansion areas – notably Mt Vernon Triangle and NoMa – are areas where IZ requirements are not proposed because existing zoning regulations have already maximized the areas' abilities to absorb additional density.

⁵ 55% percent affordable was chosen because the vast majority of the District's future growth is likely to be in steel and concrete frame construction.

⁶ TAZ are used by the Washington Area Council of Governments for transportation planning. OP provides COG our estimates of population change by TAZ. The twenty year forecast is based on locations of pipeline projects over the next ten years and opportunities from new neighborhoods and vacant land over the remaining ten years.

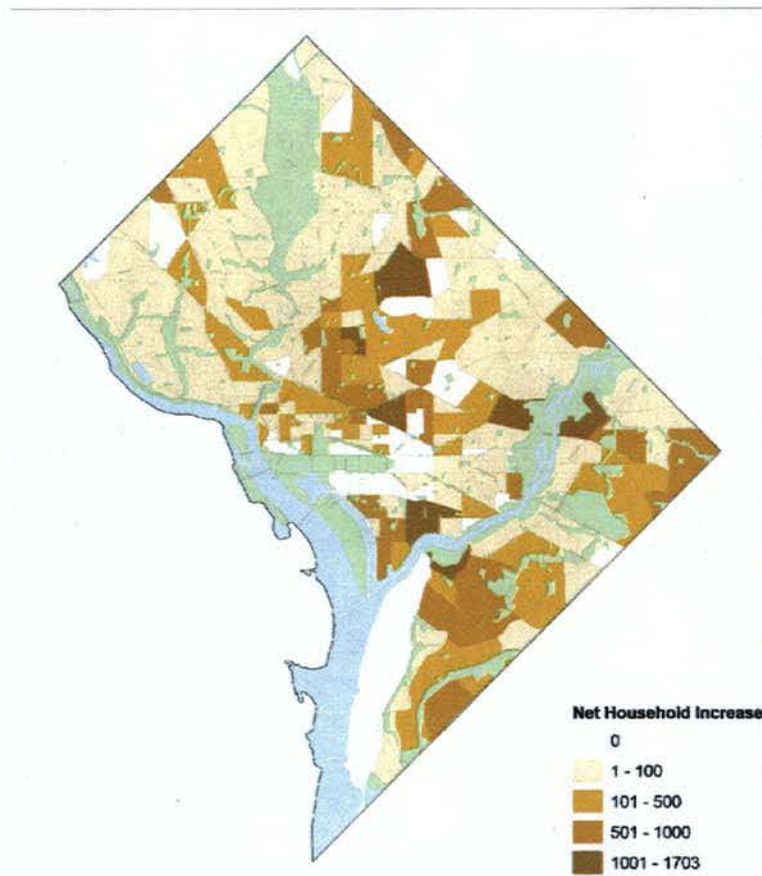


Figure 10. Household Growth by TAZ

Many of the outer neighborhoods of single family housing are largely built-out; little growth is expected in those areas over the next twenty years. The lightest tan areas are where opportunities are severely limited. The median net increase of units in those areas is only twenty-four units over the next twenty years. Typically in those areas there is insufficient assembled land to reach the ten unit minimum required by IZ. The majority of growth potential in the outer neighborhoods comes from vacant and underutilized parcels along major corridors such as Wisconsin Avenue with a few parcels, Georgia Avenue, Riggs Road, and Benning Road.

Population

OP's official population estimates uses an average household size of 2.11 people. This number is currently being submitted to challenge the US Census Bureau's population estimates for the District. 2.11 average household size is a drop from 2.16 people per household identified by the 2000 US Census. 2.11 people per household results in just over 650 new people living in the District per year.

B. NEIGHBORHOOD CHARACTER

Physical Form

It is important to assess the potential impact of the bonus density on the quality and character of the District's neighborhoods. OP's initial concern had been in moderate density areas and centered on the impact of reduced lot sizes to the District's row house areas. However, there is considerable evidence that the proposed minimum lot width changes are already widely and successfully used throughout the city.

Historic Districts:

Historic districts are an important part of neighborhood character. There are at least two potential impacts IZ may have with regards to historic districts:

- Historic preservation objectives may restrict the amount of bonus density an inclusionary zoning project can receive
- More neighborhoods may seek to become historic districts.

A successful IZ program will result in an increased number of projects seeking to avail themselves of incentives such as bonus density and an expedited project approval. Typically, historic preservation is associated with maintaining the integrity of individual buildings and the character of a historic districts, which may not always accommodate the full zoning envelope or bonus density. This would seem to put an IZ program and historic preservation objectives at loggerheads. However, this may not be accurate. The Greater 14th Street Historic District encompasses much of the Uptown Arts Overlay, which is a zone district that grants bonus density for projects providing certain preferred uses. Of 11 projects in the 14th Street district reviewed by the Historic Preservation Review Board (HPRB), 7 were able to use at least some bonus density. OP will work with the HPRB staff to examine these issues in greater detail before any public hearing.

C. PUBLIC SERVICES

Schools

Using the estimate of 310 bonus units per year, OP estimates the potential number of school age children housed by the bonus density is roughly 68 children per year District wide. This is based on national research sponsored by the Urban Land Institute (ULI)⁷, and confirmed by local research by the Urban Institute (UI) as part of their annual *Housing in the Nation's Capital* sponsored by FannieMae.

The ULI research found the number of children varies dramatically by building type. The research indicates that there are roughly 64 children per 100 single-family housing units and roughly 20 children per 100 multi-family housing units.

The next *Housing in the Nation's Capital* report will document the link between housing and school age students in the District of Columbia. Their preliminary numbers are provided in Table 2 below. UI's numbers of children per unit and 90% of the District's future capacity is in multi-family development,

Housing Type	Children per 100 Housing Units
Single Family	40
Multi-Family	20
Multi-Family Rental	24
Multi-Family Owner-Occupied	7

Table 2. Estimate of Children per Housing Unit in DC

⁷ Haughey, Richard et al, *Higher Density Development. Myth and Fact*. Urban Land Institute (ULI) 2005

The table shows that the number of school aged children per hundred units of single family housing is much lower than the national rate, while the rate of multi-family units is comparable. In fact, UI found that the rate of children per 100 units is even lower for recent single family sales. UI found the rate to be only 30 children per 100 recent single family sales.

OP will continue to work with the District of Columbia Public Schools to assess the ability of schools serving the IZ overlay areas to absorb enrollment increases based on different population projections.

D. INFRASTRUCTURE

Transportation

The Comprehensive Plan supports increasing density for objectives such as affordable housing and inclusionary zoning in areas with adequate transportation and services. It will be necessary to identify existing levels of service for Metro stations and major intersections in these areas, and assess impacts of different population scenarios on Metro stations and major intersections. From a regional perspective, IZ permits working class families to live closer to where they work. Rather than having to commute long distances and add to traffic congestion, by their ability to live closer their overall impact may actually be reduced through IZ.

Metro Station	Units Per Acre
Union Station	24
Southern Avenue	22
East Capital	21
Capitol Heights	21
Benning Ave	20
Congress Heights	20
Friendship Heights	19
Brookland Catholic University	17
Rhode Island	16
Fort Totten	16
Tenleytown	15
Takoma	14
Deanwood	14
New York Ave	13

Table 3. Relative Residential Zoning Density of Select Metro Stations

Most research indicates that Transit Oriented Development (TOD) needs a minimum of 20 to 25 units to the acre around stations to make rail transit efficient. The Zoning Commission has received written testimony that the bonus density would add stress to the District's transportation infrastructure of metro rail and streets. Testimony stated that several metro station areas are already sufficiently dense and bonus density should not be permitted. OP looked at developable properties and zoning categories around metro stations across the District. A comparative analysis of metro stations was the goal. Table 3 provides the results of the research.

Table 3 shows that many metro stations are well below the minimum number of units per acre to make transit fully feasible. Of the stations listed above only Union Station and New York Avenue have significant by right commercial zoning capacity. Friendship Heights' commercial development was all achieved by PUDs.

Access to bus service is even more important. Figure 5 above shows the bus lines through the District. As part of our final report OP will provide the Commission further information on bus ridership and access to bus routes.

Sewers

While WASA has already developed water and sewer capacity for a city of 900,000, it will be necessary to determine if there are specific water or sewer-deficient areas within parts of the District that may see populations increases as a result of an inclusionary zoning program

On Street Parking

Parking standards in the District are typically less than 1 space for every 2 unit ratio. In fact only the R-5-A zone requires a 1:1 ratio of space to units. Parking provided in the recent developments is instead a function of expected demand, and in some cases a profit center for developers. The IZ requirements place the option of providing parking to the bonus units to the developer as long as the minimum ratios are maintained.

Of recent new construction developments where the Office of Planning has data the average ratio of spaces to units is roughly 9:10, but ranges from 1:4 to 3:1. On average it means that 10% of market rate occupants either own no car or park on the street. However, the rates of ownership vary by income. Lower income households tend to be more dependent on public transportation and less likely to own an auto than higher income households. Therefore the impact of bonus units on on-street parking would be less than if the bonus units were entirely market rate. OP will refine these numbers for the Zoning Commission in our public hearing report.

V. SUMMARY

OP recommends the Zoning Commission sets down for public hearing the following:

1. Proposed mapping of the Inclusionary Zoning requirements to appropriate zoning categories regardless of location in the District of Columbia. These zones include.

R-3 to R-5-D

C-1 to C-4

SP-1 to SP-2

CR

W-1 to W-3

- 2 The affordable housing options and bonuses in the Reed Cooke and Uptown Arts overlays be made mandatory and consistent with the IZ program.

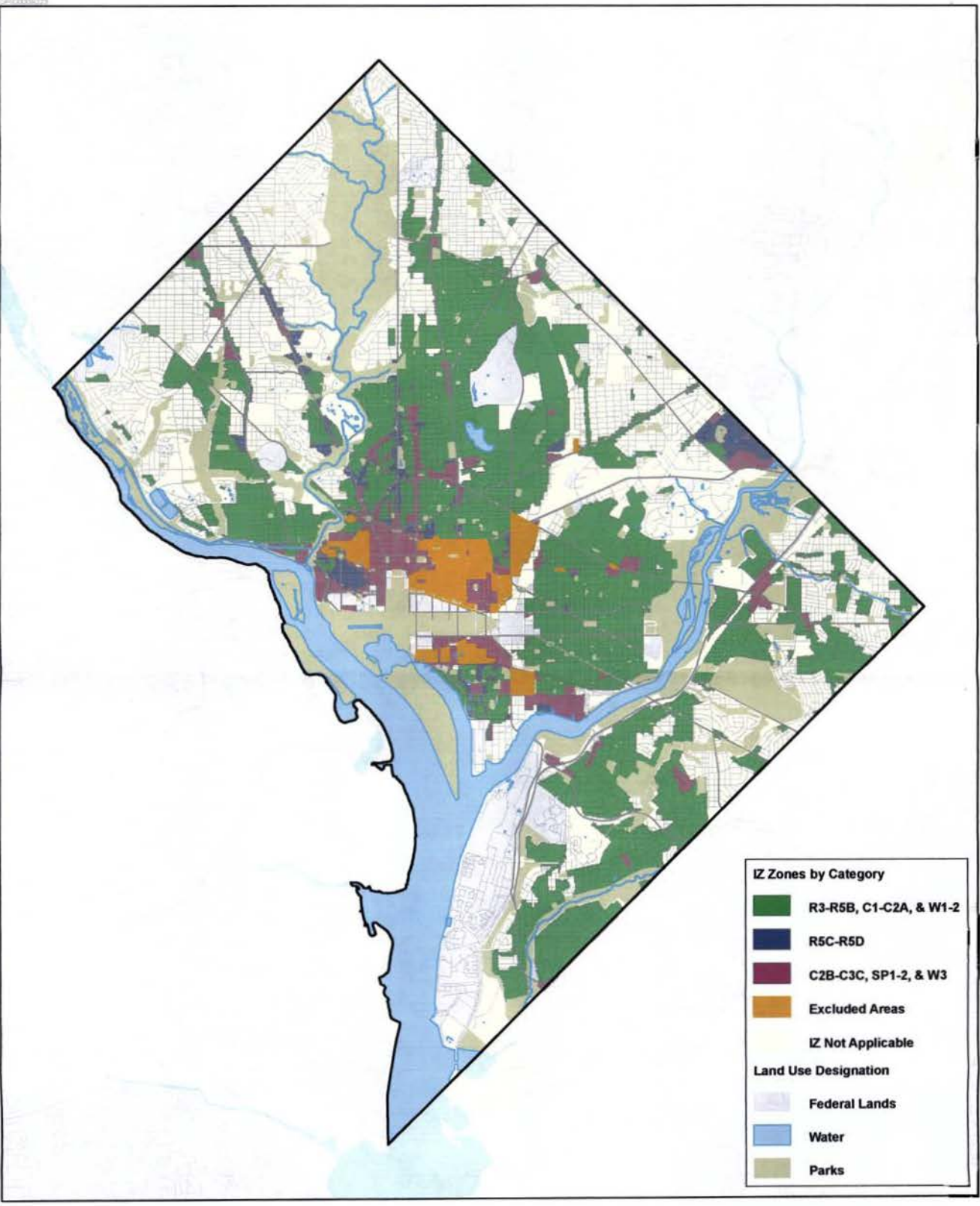
These recommendations are based on the concepts of equity, simplicity, and effectiveness. Tying the requirement to appropriate zoning categories provides the greatest clarity and simplicity, equity and effectiveness possible. It eliminates the complexity of mapping an overlay that covers large areas of the city in some places and narrow slivers in others.

VI. AGENCY REFERRALS

Any proposal set down for a public hearing will be referred to the following District government agencies for review and comment:

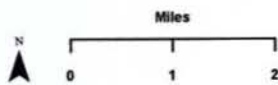
- Department of Consumer and Regulatory Affairs (DCRA)
- Department of Housing and Community Development
- District of Columbia Public Schools
- Department of Parks and Recreation,
- Department of Public Works (DPW),
- District Department of Transportation (DDOT),
- Environmental Health Administration,
- Fire and Emergency Medical Services Department,
- Metropolitan Police Department; and
- Water and Sewer Agency (WASA).

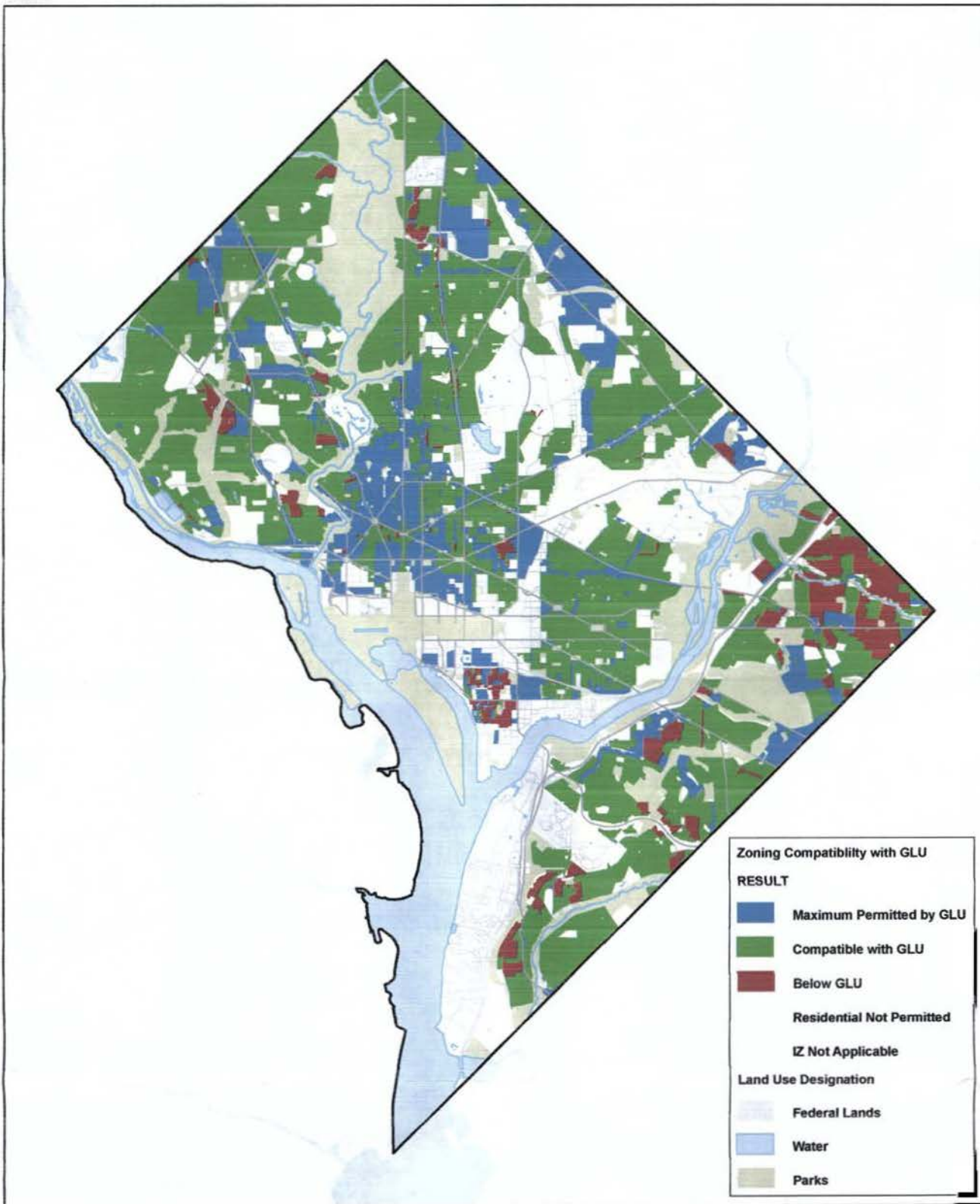
Emc/ar



★ ★ ★ Government of the
 District of Columbia
 Anthony A. Williams, Mayor
 Office of Planning – May 26, 2006
 This map was created for planning
 purposes from a variety of sources.
 It is neither a survey nor a legal document.
 Information provided by other agencies
 should be verified with them where appropriate.

**District of Columbia
 Proposed IZ Zones**
 (Map may not reflect the most current zoning
 for certain areas in the District)





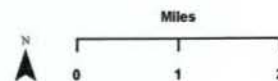
*** Government of the
District of Columbia
Anthony A. Williams, Mayor

Office of Planning - May 28, 2006

This map was created for planning
purposes from a variety of sources.
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District of Columbia Zoning to GLU Compatibility

(Map may not reflect the most current zoning
for certain areas in the District)



Attachment 3