

URBAN HOUSING ALLIANCE

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Testimony of Urban Housing Alliance

before the Zoning Commission for the District of Columbia

Public Hearing on Case No. 04-33A (Text Amendments to Require the Provision of Affordable Housing – Inclusionary Zoning)

October 19, 2006

Presented by:

**Campbell C. Johnson, III
Chair, Urban Housing Alliance**

Good evening, my name is Campbell C. Johnson, III. First, I thank you for holding this hearing. However, I believe the hearing is inappropriate because the commission is not being presented the information needed to have a current, balanced, comprehensive and broadly considered decision. The entire mandatory Inclusionary Zoning (MIZ) scheme will change the District in fundamental ways that will accelerate the displacement of low and moderate-income residents. While some token "affordable housing" units may result, the value of these illusory benefits will be far outweighed by providing a new tool for continuing to feed an overheated real estate market and undermine the quality of life that has attracted many people to the District.

Historic Districts should be totally exempt from the application of Inclusionary Zoning. Subjecting these parts of DC to this unfortunate scheme will forever lose the rich architectural legacy of these areas. It will undermine the quality of life of residents in these areas and will hasten displacement.

In recent elections, District residents have voted their rejection of the Williams-Cropp effort to sellout the city and its treasure to entice 100,000 "new" residents to move here. While our tax base is limited by the Federal enclave here and an abundance of non-profit properties, the voters in the District would like to focus on uplifting our current residents rather than casting them aside. Uplifting our residents can increase the tax base, reduce public dependence on government, increase employment and expand business development.

Unfortunately, Incusionary Zoning represents an unfortunate compromise solution to the problems and policies that existed two to four years ago. In 2004, a number of "housing advocates", "experts" and developers came up with the Inclusionary Zoning scheme. Real estate prices were experiencing double-digit inflation, the city was giving away public property at a feverish pace, and developer "stakeholders" were trying to sell

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neighborhoods on increased density. The non-developer framers of the Inclusionary Zoning strategy complained that the numbers they came up with amounted to “the best we could get”. That’s true, developers wanted to continue getting the outrageous profits that they were getting accustomed to in DC. That’s what caused this to be the “hottest real estate market in the country”. It wasn’t because God suddenly put the land of milk and honey here. No, it was because developers were getting outrageous profits.

Since then, many residents and advocates have been working to slow the pace of giving away our public property giveaway. More and more residents have challenged out-sized projects and increased density. And, the national real estate market has cooled off. Now, you have the opportunity to serve the public and preserve our treasure until the will of District residents can be translated into a new policy that will not exacerbate the displacement of low and moderate income residents.

I am a native Washingtonian and tenant in the Dorchester House, a 394-unit building that includes a number of professional and business offices and several stores. The building is located in Ward One at 2480 Sixteenth Street, N. W. For 27 years, I have been on the board of the Dorchester Tenants Association and served as president for five years.

Recently, the Zoning Commission joined our neighbors in defeating an attempt to unduly concentrate housing in our neighborhood by building another building on the back of the Dorchester. That was an important victory for our neighborhood.

Also, I am Chair and CEO of the Urban Housing Alliance, which is a D.C. community- based organization. The Alliance’s mission is to design, organize and implement housing empowerment initiatives with at-risk residents to challenge displacement. Our constituents include renters, homeowners, seniors, disabled persons, aspiring homeowners and small, community-serving businesses. Additionally, I serve as Chair of Collaborative Alliances of America, which believes that economic development can uplift a community. It does not have to uproot its residents.

My neighbors and the persons involved in each of these groups are staunch supporters of truly affordable housing. We support affordable housing as a practical reality, not as a concept in which the meaning for District residents vanishes as a result of a HUD-ordained, inappropriate bureaucratic definition. We support affordable housing that will provide meaningful options for low and moderate income District residents. And, we do not want to see an Inclusionary Zoning implemented that will continue to displace our neighbors in massive numbers, while a few people are allowed to live in bottom-end dwellings that will be squeezed into luxurious high rise apartment buildings.

I have 30 years of professional economic development experience in the private and public sectors. I am a former Controller in a major mid-Atlantic bank; EVP of a

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national development finance firm and business development manager in a state economic development department. I try to look at the big picture when considering an economic development or housing policy proposal.

Unintended Consequences

As I mentioned, for several years the District's leadership has courted 100,000 new residents in an effort to enhance our fiscal strength. During this time many incentives and tax abatement opportunities have been provided by District Government to developers, businesses and homebuyers with the intent of creating a stronger tax base and a more diverse population.

This effort has had mixed results. A number of affluent residents are moving into the District. There has been a change in the basic character of the District. However, the situation that currently exists reflects an unintended consequence owing to the cumulative impact of these policies. I don't think the level of displacement that we are experiencing was expected.

There is a substantial imbalance in housing availability that results in a major and increasing displacement threat to low and moderate income District residents. First, luxury housing is virtually the only housing that is being produced in the District by for-profit, private sector developers that operate without the benefit of government programs. The claim is that this kind of housing is needed to offset the units that are more "affordable". (So that developers can continue to reap in their very high profits.) Secondly, huge property assessment and rent increases constitute major pressures on long term District residents.

The current Inclusionary Zoning scheme represent solutions to yesterday's problems. A few years ago the median income for a family of four in Shaw was around \$30,000. Annual median incomes in Wards 6,7 and 8 were comparable. The Inclusionary Zoning scheme now being considered are targeted on providing half of the affordable units at 50 percent AMI (as defined by HUD) units at a level of problem today. At 8 percent, in a 100 unit building with a 8 unit bonus, this amounts to four units. Meanwhile the impact of luxury units in the neighborhood, pushes the property taxes and rents for other residents through the roof. Is someone better off if a knife is only plunged six and inches in to his heart rather than seven inches? I think not.

However, essential services like health care have suffered deep cuts. DC General Hospital, which served the Eastern half of the city, remains closed. The 40-year-old Washington Free Clinic closed. Whitman-Walker has had huge cutbacks and has been fundamentally threatened

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Our schools are falling apart. There's uneven resource allocation, and we are losing teachers and other professional staff due to schizophrenic managerial policies like the "give and take away" that occurs in teacher salary negotiations. We have no vocational education being taught in our schools.

These factors are important to the quality of the labor pool. This is important in DC's economic development.

A zoning commission is an important stabilizing force in any community. We call on you to recognize the changing tide that is now concerned with uplifting our residents. We call on you to stop the implementation of yesterday's solution on today's problems. Once they're lost we cannot get our historic districts back. Do not implement any aspect of Inclusionary Zoning in these areas. The entire scheme needs to be rethought and reconfigured.

The District does not need to further institutionalize a displacement policy that will have little benefit and that is in reality a wolf in sheep's clothing.

Thank you. If you have questions or need more support for our position please contact us. Also, we would be pleased to work with you to revise the proposals to be more useful for the District.