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Testimony of Nancy Liebermann, President
Cornerstone, Inc.
Z C Case No. 04-33A, Inclusionary Zoning
Before the Zoning Commission of the District of Columbia
Submitted. Thursday, October 19, 2006

Thank you for the opportunity to present testimony on Z.C. Case No. 04-33A,
Inclusionary Zoning. Our testimony particularly addresses two items:

- We are especially concerned that the Inclusionary Zoning Program indeed provide for a full range of housing choices throughout the District for households of *all* incomes, including those far below 50% of AMI.
- We strongly support the decision of the Zoning Commission not to include a buyout provision, thus furthering the goal of ensuring that all neighborhoods share in accommodating the needs of all District residents, including those with special needs.

Background on Cornerstone Cornerstone is the only non-profit housing finance intermediary in the District of Columbia that focuses on people recovering from serious and persistent mental illness. Cornerstone's niche is special needs housing finance for individuals with very low incomes (\$8,000 or less). Since 1995, Cornerstone has participated in the financing of over 1,550 units of affordable supportive housing for mental health consumers throughout the District. *Cornerstone's mission is to finance housing for people recovering from mental illness that is safe, affordable and dignified.*

Cornerstone is a Community Development Financial Institution (CDFI) certified by the US Department of Treasury since 1999. For 12 years, Cornerstone has worked directly with the DC Department of Mental Health and the Department of Housing and Community Development. Its current private sector lending partners include Bank of America, Wachovia, Enterprise Foundation, Fannie Mae Foundation, Calvert Social Investment Fund, Shefa Fund, Adrian Dominican Sisters Alternative Investment Fund, the Ceres Foundation, and the Butler Family Fund.

Cornerstone's borrowers include community development organizations such as Marshall Heights CDO, mental health organizations such as Community of Hope, Green Door, Community Connections and House of Ruth, faith-based groups such as St. Paul Baptist Church, and non-profit developers such as Four Walls Development, Inc. and SOME.

ZONING COMMISSION
District of Columbia

CASE NO. 04-33A

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EXHIBIT NO. 73

ZONING COMMISSION
District of Columbia
CASE NO. 04-33A
EXHIBIT NO. 73

Cornerstone Recommendations

1. The Inclusionary Zoning Program should provide for a full range of housing choices, including those for people with special needs and very low incomes.

Special needs housing is “regular housing” with supports and subsidies. We note that the physical configuration of housing is the same whether or not the housing is categorized as special needs housing (with the exception of ADA compliance for physical disabilities). It is the very low income of the tenants and the cost of the wrap-around services required that make this housing that much more difficult to finance. It is Cornerstone’s recommendation that special needs housing be specifically included in the scope of the Inclusionary Zoning Program to ensure true diversity in our city’s neighborhoods. As stated in the Comprehensive Plan (and quoted in the Zoning Commission’s Notice of Final Rulemaking), “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.” We urge that the Inclusionary Zoning Program extend to include those with very low incomes and special needs, for whom the affordable housing crisis in DC is especially dire.

2. Inclusionary zoning should cover as many neighborhoods as possible, as proposed by the DC Office of Planning’s map proposal.

We applaud the Zoning Commission’s determination that developers should not have the option of utilizing a buyout provision to fulfill their inclusionary zoning responsibilities. This approach will help to distribute affordable housing opportunities all through the District and allow low-income residents greater choice in where they live. Cornerstone supports the July 2006 Comprehensive Plan’s objectives to develop special needs housing in all wards of the District, to integrate it throughout the District and to emphasize permanent housing solutions for persons with mental illness (Housing Element, Sections H-4.0 and H-4.2.7). It is our view that inclusionary zoning, properly applied, has the potential to be an important tool in this effort. It is a valuable element of the larger strategy to address the affordable housing needs of low-income DC residents, which have been strained by the loss of so many affordable rental units over the last several years.

Cornerstone looks forward to working with District agencies, the Council, and its private sector partners to continue to finance development of special needs housing for the most vulnerable individuals in the District for a truly inclusive city.

Thank you