Testimony
Zoning Case No. 04-33G
Andrea Rosen, Ward 4 Resident

I am encouraged that the Zoning Commission is entertaining proposals to modify IZ laws to deliver truly affordable housing for Washingtonians.

As has been pointed out many times, using the AMI as a measuring stick creates a false picture of the financial state of most District of Columbia residents because it encompasses households in surrounding wealthier Maryland and Virginia counties and thus artificially elevates the financial profile of D.C. residents. While the 2015 AMI was $109,200 for a family of four,[1] the median household income reported by the U.S. Census for Washington, D.C., in 2014 dollars was $69,235,[2] which is 58 percent lower than the AMI.

At present, with half of IZ units reserved for households earning 80 percent of AMI in some zones and *all* units reserved for households earning 80 percent in other zones, ***88 percent of all IZ units are targeted at households earning 80 percent of AMI***, or $87,200 for a family of four. How does IZ address the needs of residents earning in the lower half of the wage scale, whose income has not remotely kept pace with the real estate boom that continues to push moderately priced and low-cost housing out of the District?[3] I understood that these are the people whom IZ was meant to serve.

A pernicious side effect of defining so-called affordable housing prices so high is that the market responds by raising all housing prices commensurately. After all, if $1,640/month for a one-bedroom is an "affordable" rent, then a "luxury" rental—which describes pretty much everything presently being built in the District—must, by definition, cost more.

As the DC Campaign for Inclusionary Zoning points out, the District's housing production is at a 25-year high. Several factors contribute to this: Washington's real estate market was not hit nearly as hard by the 2008 pop of the housing bubble as other parts of the country were; Washington's population is growing; and investors have few places to put their money to realize not only growth but income, and D.C. real estate can be relied upon for this. Investors from China and the Middle East investing their money in D.C. real estate. Thus I question the need for our

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[1] http://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/Inclusionary%20Zoning%20Income%20Limits%20-%202015.pdf)
[2] http://www.census.gov/quickfacts/table/INC110214/11
[3] https://www.washingtonpost.com/news/local/wp/2015/03/12/median-rental-price-for-a-one-bedroom-d-c-apartment-is-2000-study-says/

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government to reward developers for including mandatory IZ units by lavishing more bonus height and density on them.[4]

Of the 278 IZ units built thus far, 88 percent of those have been studios (106, or 38 percent) or one-bedroom apartments (120, or 43 percent). Eighteen percent, or 51 units, have been two-bedroom units. A single four-bedroom unit was built, but no three-bedroom units were created. This array does little to help families.

Here are my proposals:

1) Amend IZ to require that at least half of affordable units are reserved for residents with incomes 50 percent of AMI and below.
2) Amend IZ to require developers to provide larger apartments to accommodate families, including those with incomes 50 percent of AMI and below.
3) Amend IZ to increase the percentage of affordable units in a development to 10 and 15 percent.
4) Retain current height and density bonuses.
5) Amend IZ to include Downtown residential developments—especially in light of the tripling of the size of Downtown under the ZRR, one of the goals of which was to increase residential uses downtown.
6) Amend IZ to require that 50 percent of AMI and below affordable units be built in economically integrated developments near Metro thereby eliminating buyouts and relocating affordable units distant from the principal development.

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[4] I know of two projects in which public property changed hands in which the developer, Eastbanc, not only received added height and density for its projects, but also claimed that the financials required that DMPED reimburse the developer for the cost of the IZ units. These were the West End and Hine School developments.