

# Inclusionary Zoning Public Hearing Presentation

District of Columbia  
Office of Planning



March 3, 2016



# Process

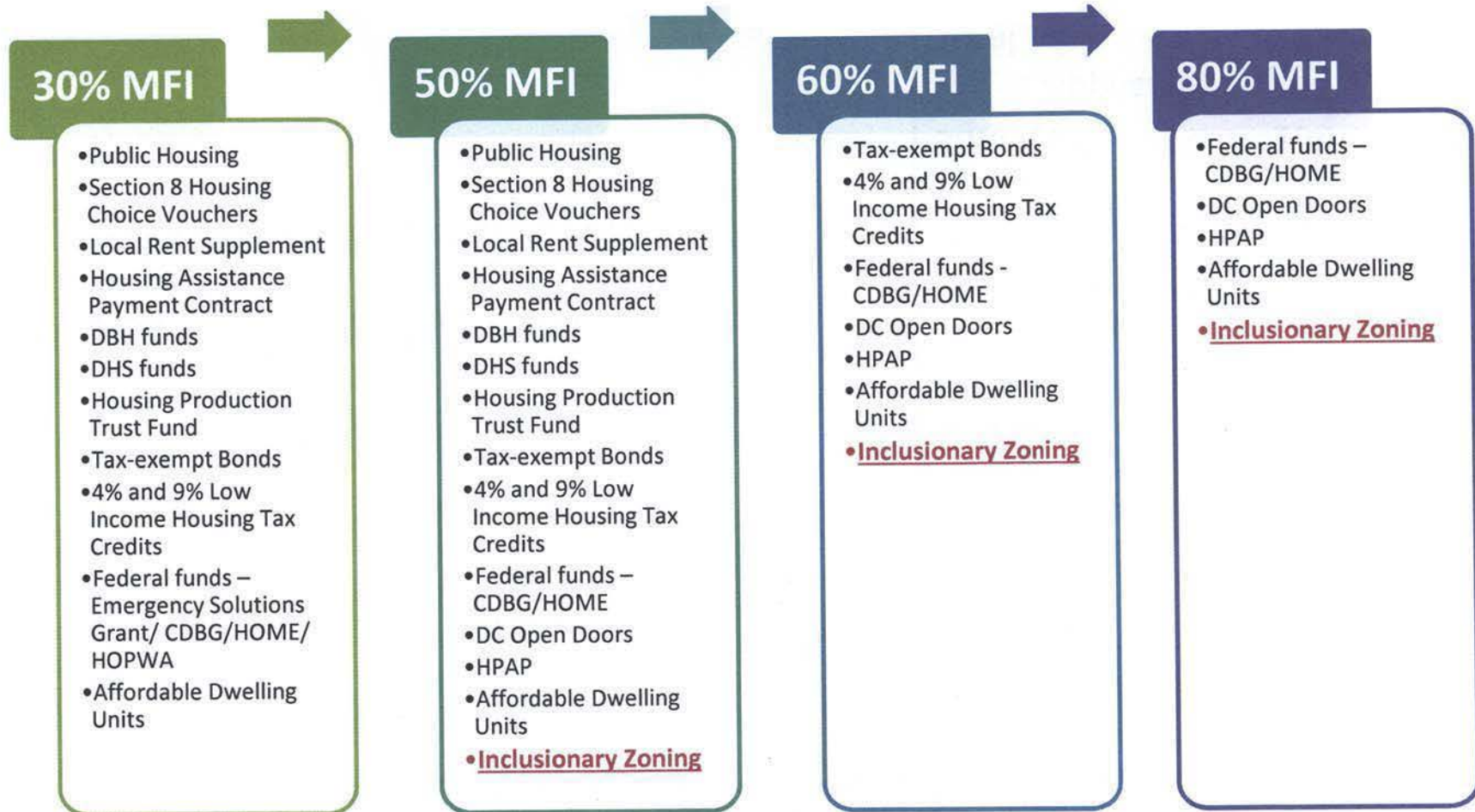
## Income Targets and Housing Costs

DHCD  
Coalition for Smarter Growth  
Leslie Steen  
Dante Partners  
WC Smith  
DCBIA  
10SquareTeam  
Saul Ewing  
CNHED  
Housing Counseling Agency  
City First  
Manna, Inc  
UrbanPace

## Bonus Density and Economic

DHCD  
Coalition for Smarter Growth  
Leslie Steen  
Dante Partners  
WC Smith  
DCBIA  
10SquareTeam  
Saul Ewing  
Concordia  
EYA  
Bozzuto  
Hines Development  
Community Three Partners  
JBG  
Somerset Development

# IZ Fitting in the Larger Strategy



Only 11% of affordable units in pipeline target 60%-80% MFI. IZ is one of the few programs to target that range. 39% of those households are housing cost burdened or severely burdened.

# Major Components of the IZ Program

Core components of the IZ program that can be adjusted to improve affordability, balanced by bonus density, and improve efficiency

- Target Household Incomes;
- Percent of Square Feet Required;
- Establishing Housing Costs;
- Bonus Density; and
- Administrative Stewardship.

Status	Projects	IZ Units
Completed	37	338
Occupied		236
In Marketing		102
In Construction	33	242
Planned	39	320
<b>Sub-Total</b>	<b>109</b>	<b>900</b>
Pre-IZ Application	160	3,300
<b>Total</b>	<b>269</b>	<b>4,200</b>

# Target Household Income

## Who is served by the Program

- 50%/80% (Average of 65%) MFI in R zones and lower-density mixed-use zones
- 80% in higher density C zones
- Dual targets achieve both depth and serve households not served by other affordable programs
- Changes respond to increased competition from non-residential uses in dense commercial zones

## **RECOMMENDATION: Keep current targets and expand zones required to split between 50 & 80 MFI**

- Demonstrated need & lack of tools
- Legislative consistency
- Administrative continuity

# IZ Percent of Square Footage Required

## How much does it produce

Greater of 8%-10% of residential square footage or 50%-75% of bonus density. Requirement adjusts to:

- Zoning and competitive factors,
- Bonus density achieved, and
- Type of construction needed to achieve bonus density

**RECOMMENDATION: In zones expanded to 50 & 80 MFI, eliminate requirement tied to bonus density achieved**

- Maintain balance between affordability and bonus density

# Establishing Housing Costs

## How much do households pay

- 30% of Income Limits for Households Assumed to Occupy the Units

### Ownership:

- Principal and interest
- Condo Fees
- Taxes

### Rental:

- Utilities
- Mandatory fees

## **ADMINISTRATIVE CHANGE: Adjust rental housing costs to 27% of income limits over time**

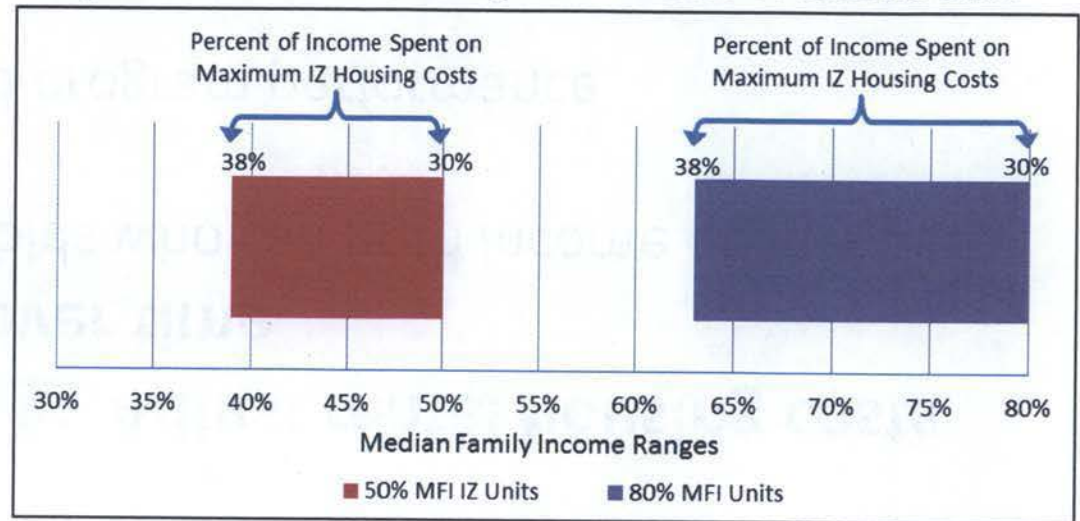
- Increases depth of households who can both income qualify and afford units
- Improves marketability and program performance
- Predictable and gradual

# Establishing Housing Costs

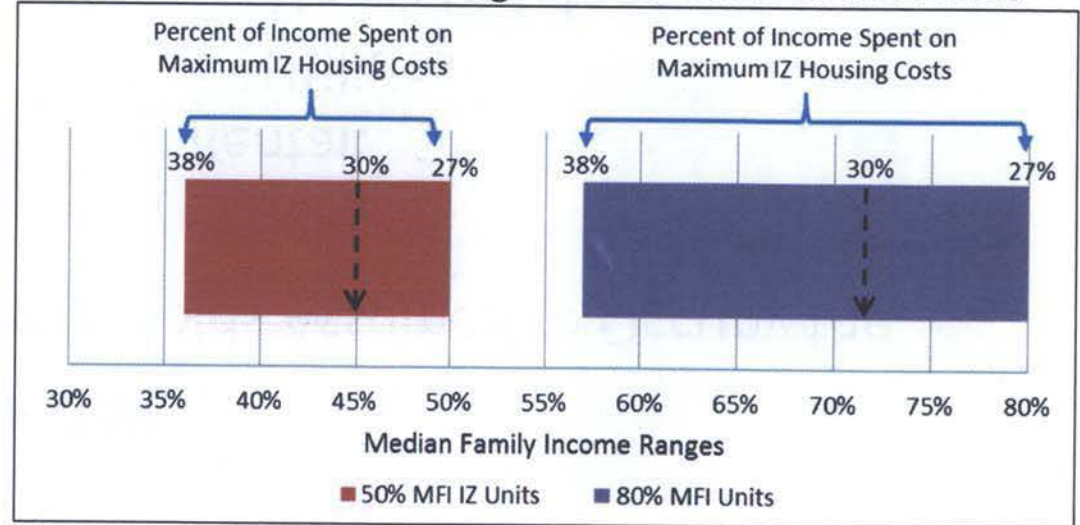
## Setting housing costs:

- Reduces the number of IZ households burdened by housing costs
- Broadens the range of households who can afford it
- Improves marketability and reduces time from lottery to occupancy

### Depth served with housing costs at 30% of income limit



### Depth served with housing costs at 27% of income limit





# Bonus Density and Building Envelope

## How affordability impacts are balanced

20% bonus density with height and lot occupancy adjustments

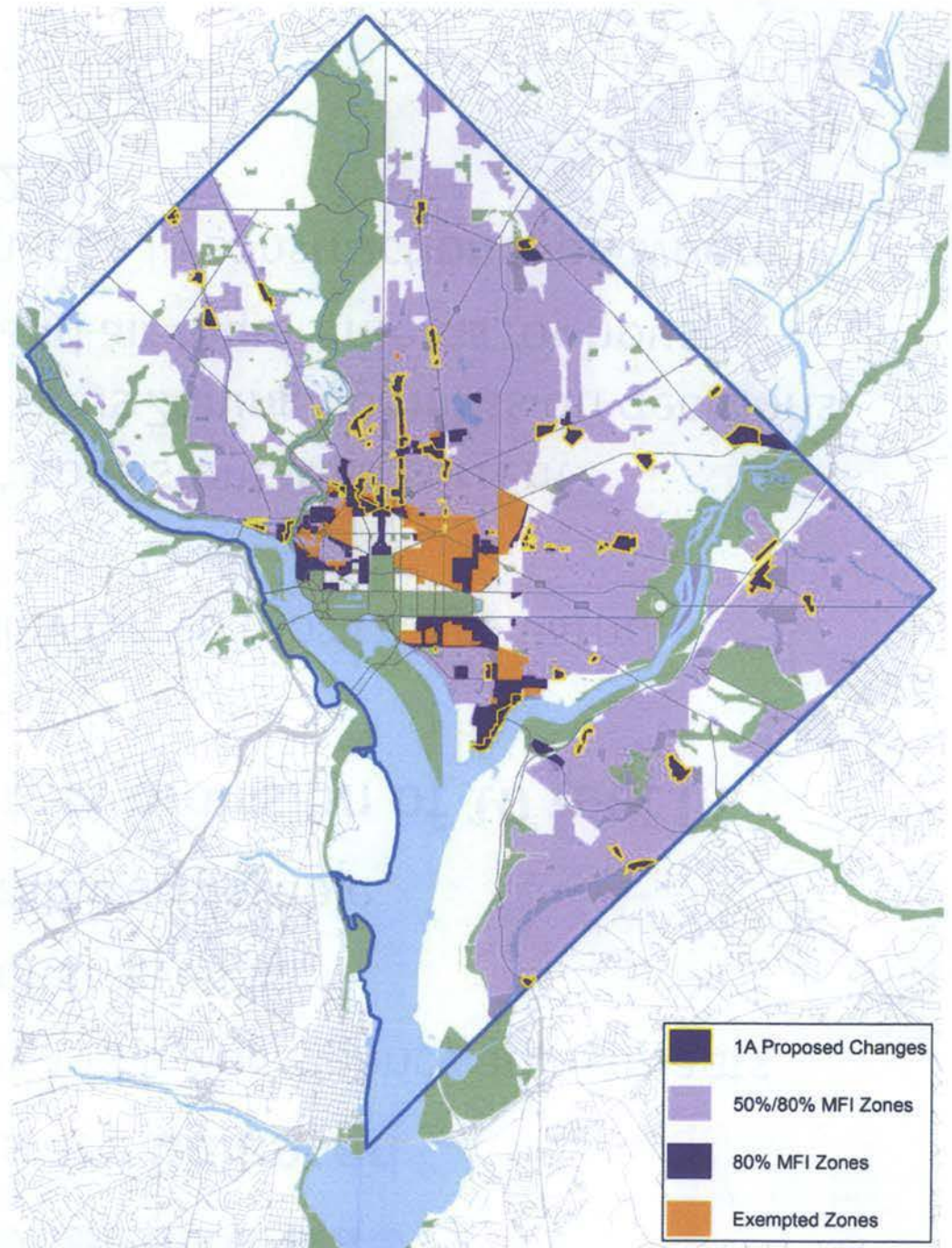
- Consistent with the Comprehensive Plan
- Theoretically and demonstrably achievable

## **RECOMMENDATION: Correct omission of 10 feet in C-2-C. No other changes**

- 22% bonus density not achievable in most zones without envelope changes
- Envelope changes were not consistent with current Comprehensive Plan or previous Zoning Commission decisions and not realistic with light and air requirements for housing
- 5 additional feet triggers change in construction type where it could be most valuable (C-2-B)

## Summary of Option 1A

- Leverages changes in building technology
- Deeper affordability in two of the most productive zones
- Consistent with current legislation and administration process
- Comprehensive Plan presents a different opportunity



## Other Zoning Changes

Increase and leverage flexibility

### RECOMMENDATIONS:

- **Matter of Right off-site provision within ½ mile provided 20% increase in square footage requirement**
  - Maintain goal of diverse neighborhoods
  - Increases production
- **Permit 20% fewer for-sale units provided remaining are all at 50% MFI**
  - Responds to market conditions
  - Greater ownership opportunities at deeper affordability
- **Treat variances that increase FAR as bonus density**

# Other Zoning Changes

## Clarity and Corrections

### RECOMMENDATIONS

- Establish IZ requirements for Hill East (HE)
- Clarify applicability and eliminate loop holes
- Expand Mayor's right to purchase
- Update and provided definitions
- Clarify distribution of IZ units
- Release IZ Unit owners when affordability threatened

## Conclusion

- IZ implementation is still relatively new and needs further improvement
- Policy reasons behind maintaining 50/80 split
  - Targets otherwise unserved need
  - Depth to 50 %MFI
- Improve administration before making major changes to policy
- Larger changes can be considered as part of the Comprehensive Plan update