

TESTIMONY BEFORE THE DC ZONING COMMISSION

IN SUPPORT OF ZONING CASE No. 04-33G: Inclusionary Zoning

April 14, 2016

Chairman Anthony Hood, DC Zoning Commission, 441 4th Street, NW Suite 210, Washington, DC 20001

ZONING COMMISSION
District of Columbia

Re: Zoning Case No. 04-33G: Make Inclusionary Zoning More Affordable and Effective

CASE NO.

04-33G

EXHIBIT NO.

184

Dear Chairman Hood and Members of the Zoning Commission:

My name is Tad Baldwin and I've lived in Ward 3 for the past 45 years. I've always desired that a mix of housing types at a variety of costs be created throughout the city to encourage more of our existing and new low and moderate income citizens to make housing choices in locations convenient to their jobs and desired services.

I have worked in housing finance and development for my career, and was fortunate to put my skills to work with the technical committee of the Campaign for Mandatory Inclusionary Zoning beginning more than a decade ago. We are still appreciative of the warm support of IZ by this Zoning Commission at that time. Both the mixed income component of the basic program and the willingness to make the units permanently affordable are key elements of your decisions. Now that just under 1,000 units have been produced by the program or are in the pipeline, it is a good time to adjust the program to make it more effective in reaching its goals. As an innovative program blending government requirements and incentives, private sector production, and the ultimate consumers, continual adjustments will be needed over the years to come.

The two major points I'd like to make this evening are:

1. The need to increase the basic effectiveness of the program by having the rental units all serve households below 60% of the MFI (median family income, earlier known as the AMI) and
2. Your continued support for both the city and qualified non-profits to purchase and rent sale IZ units to persons and households at lower income levels.

The impact of keeping all the rental units at 60% MFI will open the program more widely to households most in need. Comparatively few affordable units are being created today and more and more are being lost as properties are rehabilitated and/or replaced. Specifically, a household of two would have a maximum income of \$52,400 compared to \$69,900 at the 80% level. I believe this adjustment will help the program better achieve the stated affordable housing goals of the Mayor and City Council.

When I ran numbers for the newly proposed program back in 2005, the benefits of the bonus units created were able to carry whatever developer affordability gap was created. Based on my extensive numbers analysis, the final recommendation of our Coalition centered on 65% AMI as the level at which both rental and sale programs were feasible. Desiring to reach down to 50% AMI, we subtracted 15% to reach that level for half of the IZ units and added 15% to reach 80% for the remaining half. We now have enough evidence to show that the 80% AMI is too high for rentals, and that we have failed to produce many 50% AMI units. That's why the Office of Planning's IB, focused on 60% AMI for rentals, is a reasonable adjustment that better meets our housing needs while remaining feasible for housing developers.

My second point is to urge your continued support for the city and qualified non-profits ability to purchase a portion of the sale IZ units and then rent them to lower income households. This concept allows for such entities to serve a greater variety of lower income levels and special needs populations, often using external subsidies. A letter

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CASE NO. 04-33G

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to the Commission from the executive director of Housing Unlimited in Montgomery County speaks of the 44 IZ units his organization utilizes to serve people in mental health recovery. When Montgomery County had very short IZ price controls in the early days of their program in the 1970s, I headed the program of the county housing commission to purchase 500 units and later purchased and rented another 50 as president of a non-profit. All these units received local, state or federal assistance to reach even lower income households. Given the gravity of the affordable housing crisis in the city, having a maximum of useful and flexible tools will be a great future resource.

Thank you for the opportunity to testify

Tad Baldwin, 3507 Morrison St. NW, Washington, DC 20015