



DISTRICT OF COLUMBIA BUILDING INDUSTRY ASSOCIATION

Testimony of Lisa Mallory
Chief Executive Officer
District of Columbia Building Association
Before the District of Columbia Zoning Commission
Honorable Anthony Hood, Chair
Public Hearing
on
CASE NO. 04-33G (Amendments to Chapter 26, Inclusionary Zoning)
Jerrily R. Kress Memorial Hearing Room
441 4th Street, N.W., Suite 220-South
Thursday, April 14, 2016
6:30 p.m.

Good evening Chairperson Hood, members of the Zoning Commission, and staff.

I am Lisa Mallory, Chief Executive Officer of the District of Columbia Building Industry Association's (DCBIA). The purpose of my testimony today is to discuss the results of a collaborative effort to address the state of affordable housing and the critical role inclusionary zoning ("IZ") plays in providing housing for residents across income lines. For the following reasons, DCBIA supports the recommendations detailed in the Office of Planning's ("OP") report issued February 25, 2016.

DCBIA represents over 450 organizations with thousands of professionals in all aspects of real estate development. We have been a part of the IZ process since its inception and the debate about it many years prior. We are dedicated to identifying and executing affordable housing strategies that produce housing at all affordability levels creating mixed-use development that add to the District's economic growth and stabilize its neighborhoods and communities.

More recently, DCBIA has worked in taskforces and working groups with the Department of Housing and Community Development ("DHCD"), OP, the Department of Consumer and Regulatory Affairs ("DCRA") and affordable housing advocates, including the Coalition for Smarter Growth, to evaluate the Inclusionary Zoning program and identify best practices to improve it.

ZONING COMMISSION
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EXHIBIT NO. 210

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This evening, you will hear why OP's recommendations are the District's best option to address what many have described as an affordable housing crisis. You will also hear why the Applicant's petition, despite its good intentions, will likely have a negative impact on a housing tool that remains in its infancy.

Negative impact on development

With respect to the current housing market, which includes the District attracting a net increase of 1,000 residents per month, DCBIA is concerned that the Applicant's petition may delay development projects from meeting the District's housing demand. As a result, the shortage of supply could lead to an increase in housing costs for all current and prospective residents. While the petition's proposed bonus density is seen as an incentive to encourage the development of IZ units, OP raises the critical issue that it may conflict with the existing Comprehensive Plan and developers would not be able to take advantage of the density until the Comprehensive Plan is amended, an issue that may take more than a year and a half to address. Equally important, such increases also do not take into effect other soft-costs developers are faced with in order to meet existing IZ requirements, including the additional personal guarantees of repayment financiers require before approving the financing of the entire project.

Stringent policy changes

It is evident from current data that many developers are not taking advantage of the existing bonus density due to the current IZ requirements. Increases in minimum IZ percentages and reductions in targeted households would only further burden a developer and outweigh any benefits of a bonus density under the proposal by the applicant. We also recommend that implementation of any change to IZ requirements should be delayed so as not to affect the current market and projects under review.

Conclusion

To conclude, DCBIA is a staunch advocate for creating more affordable housing and helping District residents with achieving their dream of homeownership. With such a strong housing market in the District at this time, we would like to continue to work with the Zoning Commission, the Office of Planning, as well as other stakeholders to help determine additional measures that will ensure developers build affordable rental units and homes without inhibiting the District's economic vitality.

DCBIA also cautions that it is only because of the considerable optimism in the current housing market that IZ and other affordable housing regulations are not currently a detriment to the production of housing. Unless IZ is greatly improved from the standpoint of development and construction risks and costs, once the current optimism cools off (and it is only a matter of time), the current IZ program will become more problematic, because it will add a disproportionately larger burden on the economics of housing production. By making IZ a more workable and financially feasible

program, DCBIA's members can continue to expand the District's tax base even as demand slows. If the Zoning Commission must move forward with changes to the District's IZ program, DCBIA reiterates its support for OP's recommendations.

DCBIA thanks you for convening today's hearing on ZC 04-33G and I am available to answer any questions you might have following the conclusion of this round of testimonies.

Thank you.