

## Schellin, Sharon (DCOZ)

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**From:** Lisa Drazin <lisa.drazin@verizon.net>  
**Sent:** Wednesday, September 28, 2016 9:16 AM  
**To:** Schellin, Sharon (DCOZ)  
**Subject:** REVISZED Inclusionary Zoning RE: Summarized Comments on Upcoming Changes Case no 04-33G  
**Attachments:** COMPULSORY CHART.jpg; FEASIBILITY CHART.jpg

Good Morning Ms. Schellin: I hope you're well and happy. Please remember to give the summarized comments below and the two attached charts to the appropriate reviewers for case 04-33G. I appreciate your help. Yours truly, Lisa

Dear Ms. Schellin: I hope you're well and happy. These comments are with regard to case 04-33G. This case is brought by Coalition for Smarter Growth to increase the affordable housing subsidy paid by private developers by decreasing the Inclusionary Zoning apartment rents by roughly \$500 per month per unit.

The new inclusionary zoning regulations may increase the compulsory costs required of new construction built on small sites to the point that matter of right heights will need to be increased by one or more stories greater than the heights currently allowed by the newly enacted 2016 Zoning Code.

For the case of our small, new construction project tax economist, Ricardo Varsano, PhD., drafted a letter regarding new construction compulsory costs. The letter will be submitted during the week of October 1, 2016 to the Historic Preservation Review Board in support of HPO case 16-160.

Tax Economist Varsano describes in the letter three compulsory costs required of our small new construction project. Among the three compulsory costs that are added to base new construction cost are the 2013 Energy Code costs, DC water infrastructure replacement costs, and Historic Preservation Review Board costs. "Together", Varsano writes, "the three compulsory costs are equivalent to a 45.8% tax on the project." Please see attached Compulsory Chart.

A newly constructed building is required by the District of Columbia to deliver mandatory benefits for fifty to one hundred years in support of the city's citizens and visitors. The mandatory benefits are remuneration of the investment, pays mandatory 2013 DC property maintenance code costs, pays District of Columbia real property taxes, pays Business Improvement District Taxes and pays the current private developer affordable housing subsidy.

In the case of our small construction project, Varsano concludes "Only a six story building will be able to yield a fair return to the investment and pay all DC taxes while contributing to the provision of affordable housing." Please see the attached Chart- Project Feasibility and the Benefits to the District of Columbia.

In sum, for this small, new construction project that is completely compliant with the 2013 Energy Code, matter of right height is inescapable to ensure feasibility. Does increasing the cost of the affordable housing subsidy by revising inclusionary zoning, a good public policy for the District of Columbia if it causes small new construction not to be built?

Sincerely,

Lisa Drazin, Trustee  
The Bernice J Drazin Trust  
1815 Columbia Road, NW  
Washington, DC 20009-2005

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**Chart 1. 2013 Energy Code and Other Compulsory Costs for New Construction**



**Chart 2. Project Feasibility and the Benefits to the District of Columbia**

	Three-story	Four-story	Five-story	Six-Story
<b>Allows affordable housing subsidy</b>	No	No	No	Yes
<b>Pays BID tax</b>	No	No	No	Yes
<b>Pays DC real property tax</b>	No	60%	Yes	Yes
<b>Pays maintenance costs</b>	Yes	yes	Yes	Yes
<b>Remunerates the investment</b>	Yes	Yes	Yes	Yes
<b>Project 1815 Columbia Road, NW</b>	<b>Three-story</b>	<b>Four-story</b>	<b>Five-story</b>	<b>Six-Story</b>