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ADVISORY NEIGHBORHOOD COMMISSION 3E

TENLEYTOWN AMERICAN UNIVERSITY PARK FRIENDSHIP HEIGHTS
CHEVY CHASE WAKEFIELD FORT GAINES

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RESOLUTION REGARDING INCLUSIONARY ZONING REFORM, ZC CASE NO. 04-33G

WHEREAS:

1. Low and moderate income households are increasingly priced out of housing in the District of Columbia especially within the boundaries of our ANC and surrounding areas.
2. The Zoning Commission created the Inclusionary Zoning (IZ) program in 2006 to help low and moderate income households live in the city by requiring that residential developments seeking density beyond matter of right set aside 8 to 10 percent of new housing to be affordable.
3. IZ is one of the few avenues to increasing equity and diversity in our neighborhood.
4. Over the next few years, we expect more than 500 new housing units to be built within our ANC boundaries, potentially yielding over 50 units of affordable housing through IZ.
5. Our interest in IZ and IZ reform is thus strong.
6. IZ units were intended to be affordable to both moderate (80 percent of median family income (MFI)) and low income households (50 percent MFI).
7. Yet, in practice, less than 20 percent of IZ units produced to-date are affordable at 50% MFI. IZ has for the most part, therefore, not served low income households.
8. By contrast, we understand that 80% MFI units are so close to market rents in many places in DC, especially for small units, that it is hard to rent them, presumably because many eligible tenants do not view the slight difference between subsidized and market rents as justifying the administrative burden of participating in the IZ lottery
9. In its July 3, 2015 setdown report in this matter, the Office of Planning (OP) recommended as one option that IZ rules be revised to require all IZ rental units to serve 60% MFI households and all IZ sale units to serve 80% MFI households.
10. OP states that its preliminary economic analysis demonstrates that these revisions are economically feasible for developers.
11. We believe that requiring all rental IZ units be offered at 60% MFI would constitute a net improvement over the current system.
12. An even lower threshold might be implementable without materially decreasing the overall housing supply in DC, however, and it is vital that the ZC develop a full evidentiary record to determine whether such a lower threshold makes sense.
13. We do not believe it is equitable or sound public policy to set different MFI thresholds for the same density bonus levels for IZ units in rental units versus sale units. Moreover, doing so would create a non-market incentive to developers to shift production of overall housing units from rentals to ownership units, with unpredictable results for housing supply.

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14. We likewise believe that all buildings subject to IZ requirements should be subject to a minimum of 10%, rather than 10% in some instances and 8% in others, unless the ZC finds upon careful re-examination that there continues to be a compelling factual and policy justification for the current system.

15. Finally, we are concerned that the recent trend in development to favor small unit size may render IZ an unsuitable means to address the affordable housing needs of families, and we believe the ZC should address this problem in the instant proceedings.

NOW THEREFORE BE IT RESOLVED:

1. ANC 3E respectfully urges the ZC to set the threshold for all IZ units offered, whether through rental or sale, to no more than 60% MFI. The ZC should set the actual threshold to the lowest MFI level that would not materially decrease overall housing output.

2. We likewise urge the ZC to require that all buildings subject to IZ requirements produce at least 10% affordable units.

3. Finally, we urge the ZC to require that a significant portion of affordable units provided pursuant to IZ requirements are large enough to be occupied by families.

4. We authorize Commissioner Bender to represent ANC 3E before the ZC in these proceedings.

The resolution passed by a vote of 5-0-0 at a properly noticed meeting held on January 8, 2014, at which a quorum was present, with Commissioners Bender, Hall, McHugh, Quinn, and Wallace in attendance.

ANC 3E

**Jonathan
an
Bender**

Digitally signed by
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by Jonathan Bender
Chairperson