

**MEMORANDUM**

**TO:** District of Columbia Zoning Commission

**FROM:** *JLS*  
Jennifer Steingasser, Deputy Director Development Review and Historic Preservation

**DATE:** November 9, 2018

**SUBJECT:** ZC 04-33I Supplemental Inclusionary Zoning ZR16 Corrections and Reorganization

---

This report discusses questions raised at the Zoning Commission’s September 20, 2018 public hearing regarding case number 04-33I Inclusionary Zoning ZR16 Corrections and Reorganization. At the hearing the Zoning Commission asked the Office of Planning to respond to the following four topics:

1. Questions regarding Subtitle C § 1003.2 treatment of bonus density and stick construction in medium and high-density mixed-use zones. Questions included:
  - A. Were OP’s recommended amendments clarifying an 8 percent requirement to non-Type I stick construction in zones with heights greater than 50 feet consistent with the Zoning Commission’s intent with the language adopted through the Zoning Review of 2016 (ZR16) and 04-33G?
  - B. Why not apply an increased requirement of 10 percent IZ square footage to stick construction in medium to high-density zones? and
  - C. Do proposed amendments from “*achievable*” bonus density to bonus density “*utilized*” represent a substantive change?
2. Discuss OP’s recommended amendment adding Subtitle C § 1005.7 within Development Standards that IZ units not be located in the cellar and provide alternatives.
  - A. Revisit the recommendation and provide an alternative;
  - B. Provide a sample of how cellar space is included in establishing the IZ requirement.
3. Inclusionary Development/Unit Definition treatment of PUDs.
4. Do any of the amendments warrant a special vesting period?

**I. SUBTITLE C § 1003.2**

**Question A.**

Understanding the intent of Subtitle C § 1003.2 and the application of the 8 percent to non-Type I<sup>1</sup> or “stick” construction starts with the language of C §1003.1. Section C 1003.1 current language is provided below, with the words **not** and **and** highlighted.

1003.1 An inclusionary development which does **not** employ Type I construction as defined by Chapter 6 of the International Building Code as

---

<sup>1</sup> Non-Type I construction, can include Type II, III, and IV construction, is also commonly known as stick construction, meaning primarily wood construction. Type I is often called steel and concrete construction.

incorporated into District of Columbia Construction Codes (Title 12 DCMR) to construct a majority of dwelling units **and** which is located in a zone with a by-right height limit of fifty feet (50ft.) or less shall set aside the greater of ten percent (10%)...

The use of **and** in the existing text makes it clear that the application of the 10 percent requirement requires the presence of **both** non-Type I construction and a zone height of 50 feet or less. If 04-33G had intended to apply a 10 percent requirement to non-Type I construction in zones with heights greater than 50 feet, then the text in § 1003.1 would have used **or** to reflect that the idea that non-type I construction anywhere would trigger a 10 percent requirement.

Applying the 10 percent requirement to non-Type I construction in zones permitting height greater than 50 feet was neither deliberated nor approved as part of 04-33G, so was not intended to result in an interpretation that the 10 percent requirement should apply to non-Type I construction in zones permitting taller buildings. This is consistent with the corresponding provisions within ZR-58, which include a list of the base zones, with § 2603.1 listing the base zones typically limited to 50 feet of height or less, and § 2603.2 listing base zones allowing a height of greater than 50 feet. In Case 04-33G the list of zones was converted to the relevant distinguishing characteristic; heights less than or equal to 50 feet (C § 1003.1), and those with height greater than 50 feet (C § 1003.2), because it was shorter and clearer than listing all of the relevant zones in ZR16.

Therefore, Subtitle C § 1003.2's silence on non-Type I construction should not be read to result in applying a 10 percent requirement, as this is inconsistent with both the wording and the intent. OP's 04-33I recommendation to amend §1003.2 is to clarify a perceived omission made during the transition from the 1958 regulations to ZR16, and the clarification was made at the request of DCRA. Therefore, OP recommends the following amendments to § 1003.2:

1003.2 An inclusionary development which employs Type I construction as defined by Chapter 6 of the International Building Code as incorporated into the District of Columbia Construction Codes (Title 12 DCMR) to construct the majority of dwelling units, **or which is located in a zone with a by-right height limit exclusive of any bonus height that is greater than fifty feet (50 ft.)** shall set aside the greater of eight percent (8%) of the gross floor area dedicated to residential use including penthouse habitable space as described in Subtitle C § 1001.2(d), or fifty percent (50%) of ~~its achievable~~ **the** bonus density **utilized** to inclusionary units plus an area equal to eight percent (8%) of the penthouse habitable space as described in Subtitle C § 1001.2(d).

### **Question B.**

The Commission asked OP to review why the regulations should not apply a 10 percent requirement to stick construction in denser zones (i.e. zones that allow greater than 50 feet in height).

Changes in construction technology and the building code now permit, in a single building, the combination of two stories of a steel and concrete plinth with up to five stories of wood frame construction above, to reach a height of 70 feet or greater. In 2006, when IZ was adopted, the building code did not permit wood frame taller than 50 feet.

However, 04-33I was intended to only reorganize the regulations for greater ease of use, and correct errors and omission, provide clarifications, and fill any remaining gaps resulting from ZR16. As a result, OP did not intend to make such significant changes, and OP did not undertake any economic modeling to test them. Therefore, OP cannot make any recommendation to the Commission regarding expanding the 10 percent requirement and this time. OP intends to fully explore the potential after the current review of the District's Comprehensive Plan is completed and adopted.

Use of non-Type I stick construction in zones permitting greater height suggests the project is not accessing bonus density. Bonus density is the main tool used to balance the impact of the affordability requirements. In 2006, the Zoning Commission was clear that bonus density needed to be theoretically accessible. While these situations represent a business decision, the lack of bonus density suggests IZ has a negative impact to the site's land value. This has not proven to be a measurable obstacle to development. Many IZ projects are completed without using bonus density. However, residential use faces the potential for greater competition from non-residential uses in many of the mixed-use zones permitting taller buildings. If residential developers are not able to compete for land with commercial developers within these zones, then the District gets fewer residential units overall to meet the continuing demand to live in the District.

### **Question C.**

Testimony received on September 20, 2018 raised the issue of whether the recommended amendments in both §§ 1003.1 and 1003.2 from “*achievable* bonus density” to “bonus density *utilized*” represent a substantive change that is contrary to the Commission's intent and not a technical change.

The recommended amendments are a technical change because 08-06 (ZR16) and 04-33G did not discuss or deliberate that “*achievable bonus density*” meant that the IZ requirement should always be based on 20 percent bonus density regardless of how much density is actually utilized. This would have been a significantly substantive change from the 1958 regulations. Instead, the intent of 08-06 and 04-33G with regards to the bonus density was to translate the 1958 regulations to ZR16. The Zoning Review case 08-06 did amend the 1958 definition of Achievable Bonus Density below to read as below.

1001.1 Achievable bonus density is the amount of the permitted bonus density that potentially may be utilized within a particular inclusionary development provided in Subtitle C § 1002

The use of “*potentially may*” and not “*shall*” along with the deletion the phrase “*notwithstanding constraints resulting from the physical characteristics of the land or restrictions imposed by District or federal laws and agencies.*” from the 1958 definition indicates that the limits are not solely due to the constraints imposed by laws and agencies, but other decisions including those made by the development team as well.

The corresponding sections from the 1958 code, §§ 2603.1 and 2603.2, are clear that the affordability requirement was tied to the “*bonus density being utilized*”. Further, if the intent had been to base the IZ requirement solely on the 20 percent bonus density then the *greater of eight to ten percent* language would have been totally unnecessary.

In addition, the review of the use of cellar space found in section II. Question B of this report illustrates that relying solely on the full use of bonus density to calculate the IZ requirement does not always result in the “*greater of*” calculation. Figure 1 and Figure 2 illustrate that the IZ requirement is sometimes the greatest when cellar and projections are added into the eight to 10 percent of residential space calculation.

OP’s 04-33I recommended language clarifies the regulation, is consistent with the Commission’s intent under 04-33G and is in line with administrative practice of the past nine years. Finally, the Office of Attorney General (OAG) has concluded that it is not necessary to re-advertise 04-33I.

## II. SECTION 1005.7

### Question A.

The Zoning Commission asked OP to revisit IZ units in cellar space and provide alternatives.

OP has recommended the addition of a new § 1005.7:

#### **1005.7 Inclusionary Units in apartment houses shall not be located in cellar space.**

OP makes this recommendation based on the following reasons:

- Perception of occupants – IZ development standards are designed to ensure, to the greatest extent possible, that IZ units and their occupants are not readily identifiable from other units and occupants. Based on a review of a sample of IZ projects, OP identified a pattern of lone IZ units being consistently located in cellar space, and concluded their location violated the precept of protecting IZ occupants from being easily identified;
- Rational Nexus – Cellar square footage does not count toward Floor Area Ratio (FAR). The requirement for IZ units is balanced through the permitted bonus density, which by definition includes FAR. Therefore, there is a rational nexus between where IZ units should be located, and the bonus density.
- Economic Impact – OP’s economic modeling determined the affordability requirements and bonus density are theoretically balanced using the assumption that IZ units are provided in Gross Floor Area (GFA) that counts toward FAR. Therefore, prohibiting IZ units from cellar space and requiring IZ units be located in the GFA of a building should not adversely affect the economic feasibility of IZ developments.
- Equity – The IZ program distribution standard is “*not be overly concentrated by tenure, dwelling type, including single dwelling units, flats, or multiple-dwellings, or on any floor of a project.*” The program does not require IZ units to be located on the premium space of the top floors of buildings. OP concludes it is equitable that IZ also not be located in cellar space.
- Simplicity – Regulations should strive for simplicity where possible in achieving public goals. OP’s preferred recommendation is a simple prohibition that meets the reasons provide above. This makes it clear to applicants and easy to administer by the Zoning Administrator.

However, the Zoning Commission requested that OP provide alternative language as well. While OP continues to recommend the simpler, more effective and equitable language noted above, alternative language could be:

- 1005.7 In an apartment house, IZ units may be located in cellar space provided there is a minimum ratio of:**
- a) Three market units in the cellar for every IZ unit in the cellar; and**
  - b) Two IZ units on non-cellar stories for every IZ unit in the cellar, of which one IZ unit shall be on one of the top two stories.**

The language provided in the alternative meets the test of the first four reasons stated above and does increase the complexity of administering the IZ program.

### **Question B**

The Commission asked for an example of how cellar space is considered by the IZ regulations. First, OP's recommended amendments to § 1001.2 clarifies that the 10 unit trigger should include cellar and penthouse space. As amended it reads:

- 1001.2 (a) Is proposing new gross floor area that would result in ten (10) or more dwelling units, **including dwelling units located in a cellar or penthouse;**

Second, §§ 1003.1 and 1003.2 state the 8 or 10 percent requirement applies to “*gross floor area dedicated to residential use*”. However, § 1003.9 states:

- 1003.9 An inclusionary development's entire residential floor area including dwelling units located in cellar space or enclosed building projections that extend into public space, shall be included for purposes of calculating the minimum set-aside requirements of Subtitle C §§ 1003.1 and 1003.2

DCRA interprets use of the phrase “*calculating the minimum set-aside*” to mean the eight to ten percent requirement and not the bonus density. Below is a sample of a Certificate of Inclusionary Zoning Compliance (CIZC) developed by DCRA to include the addition of cellar space to the minimum calculation (see box 21. below). In this sample, a site of 4,976 square feet (box 20) achieves 10,724 gross square feet of development (box 21), for an FAR of 2.16; of which 1,767 gross square feet is bonus density equal to 19.7 percent of the matter of right FAR of 1.8. The project also had 2,667 square feet and 130 square feet of cellar and projections respectively for a total residential square footage of 13,521 (box 24). Combined and converted to net square feet (box 25) at a ratio of 0.81 (box 26) it resulted in an IZ requirement of 1,091 IZ net square feet (box 28). In this particular case, the *greater of* calculation resulted in the 10 percent requirement being greater due to the addition of cellar space. The calculation based on 75 percent of bonus density would have resulted in 1,069 IZ net square feet. An 844 square foot two-bedroom IZ unit was located in the cellar and represented approximately 45 percent of the habitable space in the cellar.

### **Figure 1. Sample Certificate of Inclusionary Zoning Compliance**

ZC Application 04-33I, Inclusionary Zoning Amendments, OP Supplemental Report  
November 9, 2018

15. Is the development exempt from IZ per C-1001.6(a)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	16. Is the development an RF conversion? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	17. Is the development an IZ "opt in" per C-1001.2(e)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	18. Does the project involve construction of penthouse habitable space? <input type="checkbox"/> Yes. Fill out Penthouse Affordable Housing Addendum <input checked="" type="checkbox"/> No	19. Construction Type (for Majority of Residential Units) <input type="checkbox"/> Type I <input checked="" type="checkbox"/> Other
20. Total Land Area of the Lot(s) of the Inclusionary Development: 4,976 sq. ft.	21. Total Gross Floor Area (all uses): 10,724 sq. ft.	22. Total Residential Gross Floor Area: N/A sq. ft.	23. If the IZ requirement applies only to an addition per C-1001.4, the Total Residential Gross Floor Area of addition (or enter N/A): N/A sq. ft.	
24. Total Residential Gross Floor Area Including Residential Add-ons: Residential Gross Floor Area (Same as Box 22 or 23): 10,724 sq. ft. + Gross cellar area (when res. units are in cellar): 2,667 sq. ft. + Gross enclosed public space projections: 130 sq. ft. Total Residential Gross Floor Area for IZ Analysis (sum): 13,521 sq. ft.		25. Total Net Residential Floor Area Including Residential Add-ons: Net Residential Floor Area (Based on Box 22 or 23): 9,028 sq. ft. + Net cellar area (when res. units are in cellar): 1,878 sq. ft. + Net enclosed public space projections: 0 sq. ft. Total Net Residential Area for IZ Analysis (sum): 10,906 sq. ft.		26. Ratio of Box 25 ÷ Box 24 (totals): 0.81 27. Factor yielding greater IZ (per C-1003): <input type="checkbox"/> 8% or <input checked="" type="checkbox"/> 10% of GFA <input type="checkbox"/> 50% or <input type="checkbox"/> 75% of bonus density
28. Preliminary IZ requirement within the Development (the greater IZ requirement yielded from Box 27 factor in gross and net terms): (a) Residential Gross Floor Area: 1,352.1 sq. ft. (b) Net Residential Floor Area: 1,091 sq. ft.		29. If the Development is exclusively ownership units and will devote all IZ units to 60% of MFI, then a 20% reduction to Box 28(b) per C-1003.10 (or enter N/A): N/A sq. ft.	30. Penthouse IZ Requirement within building (See Penthouse Affordable Housing Addendum) or enter N/A: N/A sq. ft.	31. Is the Penthouse IZ Requirement fulfilled by payment to housing trust fund? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
32. Total Net Residential IZ Required Within the Development: (Box 28(b) or Box 29) + (Box 30 if provided within the Development)) 1,091 sq. ft.				

Figure 2 below formats the above CIZC into the relationships of 75 percent of bonus density achieved and 10 percent of gross residential area used to evaluate and determine the IZ requirement. In this particular case, the *greater of* calculation resulted in the 10 percent requirement being greater due to the addition of cellar space. The calculation based on 75 percent of bonus density would have resulted in 1,069 IZ net square feet. An 844 square foot two-bedroom IZ unit was located in the cellar and represented approximately 45 percent of the habitable space in the cellar.

**Figure 2. Sample IZ Requirement Calculations**

	Gross Floor Area	Cellar / Projections	Gross Residential Area
Total Land Area FAR	4,976		
MofR 1.80	8,957		
Total 2.16	10,724	2,797	13,521
Bonus Density	1,767		
Percent Bonus Achieved	19.7%		
10% of Residential Area			1,352
75% of Bonus Density	1,325		
81% Net to Gross Ratio			
Greater of IZ Net Square Feet Req	1,069		1,091
			1,091

### III. DEFINITIONS – TREATMENT OF PUD IZ UNITS

OP's recommended amendment was to strike the existing definition of an inclusionary development to reorder it next to the definition of inclusionary unit and amend both to include orders of the Zoning Commission and the Board of Zoning Adjustment. The language also aligns it with the recent amendment to the Inclusionary Zoning Act. Therefore, OP recommends the following language:

~~Development, Inclusionary: A residential development subject to the provisions of Subtitle C, Chapter 10, Inclusionary Zoning~~

**Inclusionary Development: A residential development that is subject to the provisions of Subtitle C, Chapter 10, Inclusionary Zoning, or as established by an Order of the Zoning Commission or by the Board of Zoning Adjustment.**

**Inclusionary Unit: A dwelling unit set aside for sale or rental to a targeted eligible households required by Subtitle C, Chapter 10, Inclusionary Zoning, or as established by an Order of the Zoning Commission, or by the Board of Zoning Adjustment.**

This proposed amendment was also based on an interpretation from OAG that PUD proffered units could not technically be considered inclusionary units, and DHCD expressed concern that this could impact the administration of these units. Upon the request and consultation with OAG, OP recommended that the definitions of inclusionary units and developments specifically reference ones established through an order of the BZA or the Zoning Commission. This empowers the Zoning Commission and the BZA to publish orders identifying proffered affordable units as inclusionary units.

The recommended text does not require that all affordable units be inclusionary. Applying an IZ designation to affordable units created through public subsidies for instance, would complicate administrative and legal processes. OP suggests to the Commission that the PUD evaluation standard for what should be considered inclusionary units are those units designated affordable for the life of the project and meeting income guidelines published by DHCD ([see attached](#)).

### IV. VESTING

An additional vesting period, beyond the time it would take to publish a Notice of Proposed, and Final Rulemaking (NOPR & NOFR), is unnecessary. The time it takes from the Zoning Commission's vote to take proposed action and then to publishing the Final Rulemaking is sufficient time for projects to consider and adapt to the new rules.

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Deputy Mayor for Planning and Economic Development  
DC Department of Housing and Community Development

1800 Martin Luther King Jr. Avenue SE | Washington, DC 20020  
202-442-7200 | [www.dhcd.dc.gov](http://www.dhcd.dc.gov)



---

## INCLUSIONARY ZONING 2018 MAXIMUM INCOME, RENT AND PURCHASE PRICE SCHEDULE

Effective October 12, 2018

This 2018 Maximum Income, Rent and Purchase Price Schedule is published pursuant to the Inclusionary Zoning Implementation Amendment Act of 2006, effective March 14, 2007 (D.C. Law 16-275; D.C. Official Code §6-1041.01 *et seq.*, as amended) and the Inclusionary Zoning Regulations codified in Chapter 10 of Title 11-C and Chapter 22 of Title 14 of the DCMR.

Maximum Annual Income<sup>1</sup> limits, Minimum Annual Income<sup>2</sup> limits, rents and purchase prices are based on the Washington Metropolitan Statistical Area Median Family Income (MFI), previously referred to as Area Median Income (AMI). The MFI for a household of four, as published by the U.S. Department of Housing and Urban Development (HUD) on April 1, 2018, is \$117,200. The limits are adjusted for household size in this schedule.

Inclusionary Zoning (IZ) units currently exist only at the 50 percent, 60 percent, and 80 percent MFI levels. However, this schedule also includes the 30 percent, 100 percent, and 120 percent MFI maximum and minimum income levels and maximum rent and purchase price amounts, which are often used in residential developments that include Affordable Dwelling Units (ADUs). For ADUs that are subject to Affordable Housing Covenants that include specific formulas for calculating income limits, rents, and purchase prices, all figures provided herein are for guidance only. Individuals must consult the particular affordability requirements imposed by the terms of the applicable Affordable Housing Covenants to determine the requirements applicable to the subject ADU.

For further information, please contact the IZ Program Office, Department of Housing and Community Development, 1800 Martin Luther King Jr. Avenue, SE, Washington, DC 20020 at (202) 442-7221 or [iz.adu@dc.gov](mailto:iz.adu@dc.gov).

---

<sup>1</sup> The term “Maximum Annual Income” is used throughout this schedule to include both the Maximum Annual Household Income for ADU and maximum Household Annual Income for IZ purposes.

<sup>2</sup> The term “Minimum Annual Income” is used throughout this schedule to include both the Minimum Annual Household Income for ADU and minimum Household Annual Income for IZ purposes.



**Yellow Highlight Explanation**

Currently IZ units are being produced at 50 percent, 60 percent and 80 percent MFI, while Affordable Dwelling Units (ADUs) may be available at the other income levels.

<b>Maximum Annual Income</b>						
<b>Household Size</b>	<b>30% of MFI</b>	<b>50% of MFI</b>	<b>60% of MFI</b>	<b>80% of MFI</b>	<b>100% of MFI</b>	<b>120% of MFI</b>
<b>1</b>	\$24,600	\$41,000	\$49,200	\$65,650	\$82,050	\$98,450
<b>2</b>	\$28,150	\$46,900	\$56,250	\$75,000	\$93,750	\$112,500
<b>3</b>	\$31,650	\$52,750	\$63,300	\$84,400	\$105,500	\$126,600
<b>4</b>	\$35,150	\$58,600	\$70,300	\$93,750	\$117,200	\$140,650
<b>5</b>	\$38,700	\$64,450	\$77,350	\$103,150	\$128,900	\$154,700
<b>6</b>	\$42,200	\$70,300	\$84,400	\$112,500	\$140,650	\$168,750
<b>7</b>	\$45,700	\$76,200	\$91,400	\$121,900	\$152,350	\$182,850
<b>8</b>	\$49,200	\$82,050	\$98,450	\$131,250	\$164,100	\$196,900

<b>Minimum Annual Income (Recommended)</b>						
<b>Based on Housing Costs Not Exceeding <u>38%</u> of the Household Income</b>						
<b>Unit Size</b>	<b>30% of MFI</b>	<b>50% of MFI</b>	<b>60% of MFI</b>	<b>80% of MFI</b>	<b>100% of MFI</b>	<b>120% of MFI</b>
<b>Studio</b>	\$18,950	\$31,250	\$37,600	\$50,200	\$62,850	\$75,450
<b>1 bedroom</b>	\$20,200	\$33,800	\$40,400	\$53,700	\$67,250	\$80,850
<b>2 bedroom</b>	\$24,300	\$40,400	\$48,300	\$64,400	\$80,850	\$96,950
<b>3 bedroom</b>	\$28,100	\$47,050	\$56,550	\$75,450	\$94,100	\$113,050
<b>4 bedroom</b>	\$32,200	\$53,700	\$64,400	\$86,200	\$107,700	\$129,150

<b>Minimum Annual Income</b>						
<b>Based on Housing Costs Not Exceeding <u>50%</u> of the Household Income</b>						
<b>Unit Size</b>	<b>30% of MFI</b>	<b>50% of MFI</b>	<b>60% of MFI</b>	<b>80% of MFI</b>	<b>100% of MFI</b>	<b>120% of MFI</b>
<b>Studio</b>	\$14,400	\$23,750	\$28,550	\$38,150	\$47,750	\$57,350
<b>1 bedroom</b>	\$15,350	\$25,700	\$30,700	\$40,800	\$51,100	\$61,450
<b>2 bedroom</b>	\$18,500	\$30,700	\$36,700	\$48,950	\$61,450	\$73,700
<b>3 bedroom</b>	\$21,350	\$35,750	\$42,950	\$57,350	\$71,500	\$85,900
<b>4 bedroom</b>	\$24,500	\$40,800	\$48,950	\$65,500	\$81,850	\$98,150

Minimum Annual Incomes are only applicable for rental Inclusionary Units and are not applicable if a household has rental assistance, such as a rent voucher or subsidy.

## Multifamily Developments

			30% of MFI Units		50% of MFI Units		60% of MFI Units	
Number of Bed-rooms	Estimated Utility Allowance	Estimated Condo Fees	Maximum Allowable Rent	Maximum Purchase Price	Maximum Allowable Rent	Maximum Purchase Price	Maximum Allowable Rent	Maximum Purchase Price
<b>Studio</b>	\$111 - \$160	\$341	\$600	\$48,600	\$990	\$110,400	\$1,190	\$141,400
<b>1</b>	\$169 - \$241	\$406	\$640	\$45,300	\$1,070	\$111,500	\$1,280	\$144,700
<b>2</b>	\$226 - \$322	\$601	\$770	\$35,300	\$1,280	\$114,800	\$1,530	\$154,600
<b>3</b>	\$285 - \$404	\$683	\$890	\$42,700	\$1,490	\$135,500	\$1,790	\$181,900
<b>4</b>	\$342 - \$484	\$715	\$1,020	\$57,600	\$1,700	\$163,700	\$2,040	\$216,700

			80% of MFI Units		100% of MFI Units		120% of MFI Units	
Number of Bed-rooms	Estimated Utility Allowance	Estimated Condo Fees	Maximum Allowable Rent	Maximum Purchase Price	Maximum Allowable Rent	Maximum Purchase Price	Maximum Allowable Rent	Maximum Purchase Price
<b>Studio</b>	\$111 - \$160	\$341	\$1,590	\$203,200	\$1,990	\$265,100	\$2,390	\$326,900
<b>1</b>	\$169 - \$241	\$406	\$1,700	\$210,900	\$2,130	\$277,200	\$2,560	\$343,500
<b>2</b>	\$226 - \$322	\$601	\$2,040	\$234,100	\$2,560	\$313,600	\$3,070	\$393,100
<b>3</b>	\$285 - \$404	\$683	\$2,390	\$274,700	\$2,980	\$367,400	\$3,580	\$460,200
<b>4</b>	\$342 - \$484	\$715	\$2,730	\$322,700	\$3,410	\$428,700	\$4,090	\$534,800

## Single-Family Developments

			30% of MFI Units		50% of MFI Units		60% of MFI Units	
Number of Bedrooms	Estimated Utility Allowance	Estimated Homeowner Assoc. Fees	Maximum Allowable Rent	Maximum Purchase Price	Maximum Allowable Rent	Maximum Purchase Price	Maximum Allowable Rent	Maximum Purchase Price
2	\$269 - \$426	\$143	\$770	\$86,500	\$1,280	\$166,000	\$1,530	\$205,700
3	\$336 - \$529	\$169	\$890	\$100,700	\$1,490	\$193,500	\$1,790	\$239,900
4	\$401 - \$629	\$195	\$1,020	\$107,200	\$1,700	\$213,300	\$2,040	\$266,300

			80% of MFI Units		100% of MFI Units		120% of MFI Units	
Number of Bedrooms	Estimated Utility Allowance	Estimated Homeowner Assoc. Fees	Maximum Allowable Rent	Maximum Purchase Price	Maximum Allowable Rent	Maximum Purchase Price	Maximum Allowable Rent	Maximum Purchase Price
2	\$269 - \$426	\$143	\$2,040	\$285,300	\$2,560	\$364,800	\$3,070	\$444,300
3	\$336 - \$529	\$169	\$2,390	\$332,700	\$2,980	\$425,500	\$3,580	\$518,300
4	\$401 - \$629	\$195	\$2,730	\$372,300	\$3,410	\$478,400	\$4,090	\$584,400

The Maximum Purchase Price or Maximum Allowable Rent is calculated based on a Household at the benchmark income spending no more than 30 percent of its income toward housing costs.

The 2018 MFI represents a 6.3 percent increase over the prior year MFI for the region (\$110,300), the largest year-to-year increase of the MFI in the short history of the DC IZ program. Historically, however, for statistical and economic reasons the HUD MFI has often varied significantly from year to year declining as well as increasing. To facilitate the operation of the program and the planning of housing providers and residents alike, rents and purchase prices in this schedule are based on a 3 percent increase over the prior year. Any decreases that occur in future years will also be limited by 3 percent of the previous year's MFI.

Maximum Allowable Rent is equal to the rent published in the above tables minus any utility expenses paid by the tenant for water, sewer, electricity, natural gas, trash, and any other fees required in order to occupy the unit, including, but not limited to, mandatory amenity fees or administrative fees. Utilities are estimated above, and the range is based on the difference between gas or electric heat. Actual costs to be deducted for each utility are itemized in Schedule 1 below.

**IZ 2018 MAXIMUM INCOME, RENT AND PURCHASE PRICE SCHEDULE, PAGE 6**

An owner of an IZ unit or ADU may lower the rents or prices below the maximum rates identified in the tables to achieve a larger marketing band of incomes for marketing purposes to ensure occupancy.

Maximum Purchase Prices are calculated using the following assumptions:

1. A conventional 30 year, fixed-rate, fully amortizing mortgage at the national average mortgage rate as published by the Federal Housing Finance Agency at [www.fhfa.gov](http://www.fhfa.gov) (4.54 percent as of September 6, 2018) plus a 1.5 percent cushion to protect for future interest rate increases and a 5 percent down payment.
2. Real estate property taxes are assessed based on the control price at the current real estate tax rate of \$0.85 per \$100 of valuation and a homestead deduction of \$73,350.
3. Condominium fees are estimated at \$0.64 per square foot per month applied to the assumed unit square footages. Single-Family homeowner association fees are estimated at \$0.13 per square foot per month applied to the assumed unit square footages. Estimated unit sizes are:

	Multi-Family Development				Single-Family Development		
Unit Type	Studio	1 Bedroom	2 Bedroom	3 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Unit Size	525	625	925	1,050	1,100	1,300	1,500
Hazard Insurance	Included in Condominium Fee				\$120	\$130	\$190

**Note 1.** If the actual homeowner association/condominium fee for a specific unit is more than 10 percent higher than the fees assumed in this Schedule, then DHCD may use the actual fees to determine the Maximum Purchase Price.

**Note 2.** If the condominium fees for any given unit do not include hazard insurance, then DHCD may add the actual or estimated insurance costs to determine the Maximum Purchase Price.

**Note 3.** For unit types or target MFI not listed above, contact DHCD’s IZ Program.

**Note 4.** Maximum Annual Incomes and Minimum Annual Incomes are rounded to the nearest 50, Maximum Allowable Rents are rounded to the nearest 10 and Maximum Purchase Prices are rounded to the nearest 100. Incomes within 1 percent of the Maximum Annual Incomes and Minimum Annual Incomes will be considered by DHCD.

**Note 5.** More information on IZ and ADUs is available at [www.dhcd.dc.gov](http://www.dhcd.dc.gov).

**SCHEDULE 1: ESTIMATED UTILITIES BY UNIT TYPE**

The following utility estimates are produced by the District of Columbia Housing Authority. The estimates shall be deducted from the Maximum Allowable Rent if the tenant pays all or a portion of the required utilities. Only those utilities for which the tenant is responsible shall be deducted from the rental rate. For example, an 80 percent of MFI one-bedroom apartment for which the tenant pays electricity, but not water and sewer charges, will have a maximum rent of \$1,520 (\$1,700 Maximum Allowable Rent minus \$180 estimated electricity cost).

Required fees are also deducted from the Maximum Allowable Rent. If this same property also charges a \$500/year amenity fee, the pro-rated amount of \$42/month would also be deducted from the rent, yielding a maximum allowable rent of \$1,478.

<b>Multifamily Developments</b>					
<b>Unit type</b>	<b>Electricity</b>	<b>Gas</b>	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>Electric heat, hot water, and cooking</b>					
<b>Studio</b>	\$130	N/A	\$13	\$17	\$160
<b>1 bedroom</b>	\$180	N/A	\$26	\$35	\$241
<b>2 bedroom</b>	\$231	N/A	\$39	\$52	\$322
<b>3 bedroom</b>	\$282	N/A	\$52	\$70	\$404
<b>4 bedroom</b>	\$332	N/A	\$65	\$87	\$484
<b>Gas heat, hot water, and cooking</b>					
<b>Studio</b>	\$36	\$45	\$13	\$17	\$111
<b>1 bedroom</b>	\$48	\$60	\$26	\$35	\$169
<b>2 bedroom</b>	\$60	\$76	\$39	\$52	\$226
<b>3 bedroom</b>	\$72	\$91	\$52	\$70	\$285
<b>4 bedroom</b>	\$84	\$106	\$65	\$87	\$342

<b>Single-Family Developments</b>					
<b>Unit type</b>	<b>Electricity</b>	<b>Gas</b>	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>Electric heat, hot water, and cooking</b>					
<b>2 bedroom</b>	\$335	N/A	\$39	\$52	\$426
<b>3 bedroom</b>	\$407	N/A	\$52	\$70	\$529
<b>4 bedroom</b>	\$477	N/A	\$65	\$87	\$629
<b>Gas heat, hot water, and cooking</b>					
<b>2 bedroom</b>	\$72	\$106	\$39	\$52	\$269
<b>3 bedroom</b>	\$86	\$128	\$52	\$70	\$336
<b>4 bedroom</b>	\$101	\$149	\$65	\$87	\$401