



DEVELOPMENT

TESTIMONY – ZONING COMMISSION CASE NO 14-11
JANUARY 15, 2014

Philip Simon
Member S2 – Development

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My name is Philip L. Simon, I am a resident of the District of Columbia and my home is located in the R4 district. My occupation is Real Estate Development and I started S2 Development with my brother in 2009. S2 Development has recently opened an office, located in a Great Streets Neighborhood; our office is located at 1509 Rhode Island Avenue NE.

I strongly oppose the adoption of 14-11, I oppose the legislation for many reasons, most of which is it does not accomplish the intended goal. Based on my understanding of the legislation, 14-11 is intended to preserve the look and character in the R4 zone and limit vertical additions. However as written 14-11 will accomplish none of the goals it has set forth. As the zoning regulations are currently written, the R4 zone allows for structures that are 3 stories with a basement and limited in height by 40-feet. The 35-foot limit would do nothing to address a 3-story structure being built next to a 2-story structure.

Most of the criticism voiced at the meeting on January 15th was directly related to unsightly properties. Many proponents of the legislation spoke about building code related issues, improperly built structures, contractors building beyond the scope of the zoning code and poor workmanship. The proposed legislation does nothing to stop the building of unsightly houses in the R4 district and it certainly does nothing to increase the oversight of bad contractors. People also were very vocal about notification. Based on the rules set forth by DCRA, notification is only required to your immediate neighbors. Based on the arguments presented, it appears that the community members speaking out against “pop-ups” have very little understanding about what they are actually fighting. Further, notification is required, but it is only notification, there is no enforceable action that can be taken by a neighbor to stop matter of right construction.

The remaining comments presented by the proponents’ side pertained to developers turning a profit. I will keep my comments on this very brief; we are in business to make a profit. Our intention is to make a profit while developing in a responsible manner. If profit were not attainable in the development business then the city would be filled with vacant rotting houses.

S2 Development
1509 Rhode Island Avenue NE
Washington, DC 20018
info@s2-development.com
(202) 506-5474

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In terms of affordable housing Most of the homeowners that spoke have been residents of D C for 30+ years. I applaud them for supporting the District for so many years, and they should feel fortunate that they have seen massive appreciation in the value of their property. They do not see the other side of the argument, the homes they now occupy are no longer affordable to people outside of the top 1% of earners in the country Very few can afford the 1.5-2.5 million dollar homes located in areas that those who testified live in such as; Shaw, Mount Pleasant, Dupont, and Logan circle. If a developer purchases a derelict row house in the R4 district and converts it into four or five condos that cost \$400 - \$600/sf, the housing stock becomes much more accessible to more people. Further, the current housing stock in the R4 district will decrease in value substantially if this is adopted. For example, my company no longer purchases property in the R4 district, as it is too risky with the inherent uncertainty created by 14-11

I am not sure how adding a component of inclusionary zoning does anything to help the R4 district maintain its character or provide affordable housing. Adding a component of inclusionary zoning will turn the R4 district into a district of 2 story flats. (Effectively downzoning the entire district and tightening the already limited housing supply). It cost more to build a unit in Washington D.C. then you can sell it for under the current inclusionary zoning laws. Only when the loss is spread out over 15-20 units it becomes economically possible to make a profit and create inclusionary units.

It is my position that inclusionary zoning has actually increased the cost of housing in the District of Columbia. We just completed a project that contained 9 units and 1 commercial space. Each of the units is over 1200 sf and will cost around \$550,000-\$650,000. We could have elected to build 18 smaller units but the economics of inclusionary zoning prohibited us from moving in that direction.

If this measure is to pass please take the following into account. It takes about 3 months to close on a piece of property, another 3 months to design it, then 6 months at minimum to receive a building permit (4 years ago it took 2 months to receive a permit) If 14-11 is adopted without a grace period for people in the process of planning and permitting jobs massive financial loss

Regards,

S2 Development
475 K Street NW, Suite 309
Washington DC 20001



**Philip L. Simon, Member
S2 Development LLC
1509 Rhode Island Ave NE
Washington DC 20018**

**S2 Development
475 K Street NW, Suite 309
Washington DC 20001**