

RE Zoning Commission Case 14-11

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Dear Commissioners,

I am writing to voice my opposition to the proposed zoning rewrite for R-4 zoned lots that is before the Zoning Commission in case number 14-11. I approach my opinion on this issue from two perspectives, as a longtime resident of DC who has lived in Adams Morgan and Logan Circle for the past ten years and as the Director of Acquisitions for the condo development firm, Capital City Real Estate, operating in the city for the past eight years

I was in attendance at the public hearing on January 15th and listened to the different perspectives of the audience. Like many proponents of the rewrite to the current zoning regulations, I also live in a rowhouse that is in an area of the city that has experienced a wave of home renovations. Many of the renovations undertaken by amateur developers have proven to be a nuisance, turning quiet neighborhoods into noisy construction zones and, in many ways, changing certain aesthetics. While these renovation projects can be a burden for the immediate community, they are protected by the rights granted to a property owner. For the vast majority of the population, homes represent the most valuable asset an individual or family will ever own. Many families have sought to purchase properties, with the current laws in place, which offer value protection in the ability to renovate or expand. By changing the regulations you are stripping them of their most basic rights as property owners

As an active member of the real estate community, I have heard the central arguments offered by proponents of a change in zoning regulations and would like to address each one.

Affordability

The Office of Planning has added alternative clauses that would require any additional unit over 2 (or the 4th and every unit above) being designated as Inclusionary Zoning (IZ). As one of the first and only developers to have ever sold IZ units, we have direct knowledge how this program works. As you know, IZ pricing is set by the city. Either at 50% or 80% of AMI. As a builder of these units, when I sell a 1 BR unit for \$116,600 or \$220,100, I lose money. In construction hard costs alone (not including the cost of the land) it costs somewhere from \$200,000 to \$300,000 per unit to build. In today's market, if you are paying \$100,000 per unit in land to acquire a potential project, then you are near \$300,000-\$400,000, not including soft costs. Simple math tells you that selling an IZ unit at 50% AMI, means you are losing \$200-300k per unit. ***Bottom Line – Nobody will provide IZ (or affordable) housing if this is enacted because nobody will ever build the units. The only way it is feasible now is with bonus density provided and that barely works***

The argument of affordability also came up from some impassioned residents. It is interesting to know that most of these residents live in rowhouses in the Lanier Heights, Adams Morgan, Columbia Heights neighborhoods. Besides the fact that many of them actually live in R-5-B neighborhoods that allow those ugly pop-ups that are in the news, they also live in homes that have market values near \$1 million. Are these homes affordable? Is it not more affordable to provide housing units in the \$400-\$600k range? ***Bottom Line - By eliminating the ability to create smaller and more housing units, you do not help affordability, you hurt it.***

ZONING COMMISSION
District of Columbia
CASE NO. 14-11
EXHIBIT NO. 149ZONING COMMISSION
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EXHIBIT NO. 169

Demand

I think everybody can agree that DC, like cities around the country, is experiencing enormous changes in demographics. People want to live in cities again. People want to be near transportation, work and nightlife. There is huge demand for housing and not everybody wants to live in a high rise apartment building in NOMA. By limiting the allowable number of units further than the existing zoning regulations allow, you limit the ability to supply the needed housing units. Do not forget that the majority of people who are in favor of this rule change live in a single family home. What about the thousands who are now able to buy a home in a condo building? Where would they be living otherwise? ***Bottom Line - What happens when supply is limited? Demand goes up. When demand goes up, prices go up and things become even less affordable.***

Pop-Ups

Nobody likes ugly. Nobody likes pop-ups that tower over the surrounding properties. How do we regulate? We have the DCRA and all the sister agencies, local ANC's, HPRB, OGB, CFA, BZA, etc. All of these groups or government regulators have a specific role to play depending on the zoning, location, historic designations, etc. Regulations are already in place to regulate what is allowed or not, but you can not regulate bad taste out of society. Many of these most famous "pop-ups" are actually not even in R-4. They are done legally in other zones. ***Bottom Line - If height is the real concern than address height. Height and ability to convert to multiple units are two separate issues. Don't throw the baby out with the bathwater.***

Conclusions

In closing, let's not rush to judgement here. Many thousands of people have been the beneficiary of these housing conversions because they now can afford to live in the city whereas before they could never afford a single family row house costing upwards of \$800,000 or more. By rewriting the rules without a comprehensive review of the city zoning regulations, you are choking off supply of needed housing units, increasing demand, and ultimately decreasing affordability. Let's figure out the real issue. If it is ugly pop-ups, than address that. But don't take away property rights and limit many more hard working individuals from being able to live in this city.

Sincerely,



Christian P. Cronin