

FOR DISCUSSION PURPOSES ONLY

Memorandum

VIA E-MAIL

To: Chairman Anthony J. Hood, District of Columbia Zoning Commission

Cc:

Commissioner Marcie Cohen
Commissioner Robert Miller
Commissioner Michael Turnbull
Commissioner Peter G. May

From: Pro DCs Future, LLC MDS

Date: February 28, 2014

Re: Zoning Case 14-11, By-Right IZ Proposal

Chairman Hood:

Below is a proposal for your consideration and discussion to successfully resolve Case 14-11, a proposal by Office of Planning to amend development rights in the R-4 Zone. Our organization represents developers working in R-4 zones building new housing options for DC residents. We agree that the pop-ups have been a problem for many neighborhoods negatively impacting residents, including ourselves. Our goal is to find a solution that fixes the pop-up issue while at the same time promotes development that neighborhoods want and need.

Enclosed is a solution that stops pop-ups, but at the same time provides a solution to add affordable housing units in R-4 zones as a matter of right through the IZ program. We believe the pop-up issue has created an amazing opportunity to help solve another issue facing the city, the affordable housing crisis. Below is our proposed solution that we believe will deliver 500 new IZ units every year:

CURRENT R-4 ZONE

Currently, condo conversions are permitted in the R-4 zone. All lots with a structure that existed as of May 1958 permit two (2) flats as a matter of right. Lots of 2700 square feet and larger permit three units as a matter of right, subject to one legal parking spot being provided. Thereafter, additional units are permitted for every 900 square feet of lot availability for each condo with maximum lot occupancy not to exceed 60%. Current height limits are 40 feet.

ZONING COMMISSION
District of Columbia

CASE NO.

14-11

EXHIBIT NO.

179

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ZONING COMMISSION
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CASE NO. 14-11
EXHIBIT NO. 179

A memorandum dated June 24, 2014 from the District of Columbia Office of Planning to the District of Columbia Zoning Commission attempts to down-zone the R-4 District with the following proposal:

- 1 Reduce the by-right height from forty feet (40 ft) to thirty five (35 ft); and
- 2 Allow up to forty feet (40 ft) only by special exception; and
3. Include a mezzanine level in the number of stories; and
- 4 Allow two (2) units as a matter-of-right across all lots sizes and only permitting more than 2 units (which must be inclusionary units at 60% of AMI) by special exception

While we agree with the concept presented by the Office of Planning, we believe it can be improved in a way that doesn't hurt business. We propose a solution that will actually encourage developers to provide affordable units, which takes the Office of Planning's proposal a step further. Our proposal meets the mutually beneficial goals of solving the pop-up issue and also creating a significant amount of IZ units in the R-4 zone at zero cost to the taxpayer and maintaining a robust level of redevelopment. Please consider the following amended proposal.

PROPOSED CHANGES TO R-4 ZONE

Lots Under 2700 Square Feet:

1. Permit four (4) units as a matter-of-right, of which One (1) Units Must Be under Inclusionary Zoning at 60% of AMI. The 900 square feet per unit will no longer apply if the developer elects to build an IZ unit
- 2 Reduce Matter of Right height from 40 feet to 35 feet, with 40 feet being allowed by special exception.
3. Existing lot coverage ratios, parking requirements, and building setbacks will remain unchanged.
4. Developers will provide to the purchaser of the IZ unit the greater of \$5,000 or 3%, to be used as assistance towards the down payment money needed to secure a home loan

Lots 2700 Square Feet and greater, but less than 3600 Square Feet:

1. Reduce Matter of Right height from 40 feet to 35 feet, with 40 feet being allowed by special exception
2. Permit four (4) units as a matter-of-right, with 1 unit being subject to IZ at 60% of AMI, or 3 units as a matter of right at market rates. In order to encourage the construction of the IZ unit, we propose modifying the 900 square feet per unit

requirement so that it will no longer apply if the developer elects to build an IZ unit

3. Existing lot coverage ratios, parking requirements, and building setbacks will remain unchanged
4. Developers will provide to the purchaser of the IZ unit the greater of \$5,000 or 3%, to be used as assistance towards the down payment money needed to secure a home loan in order to help affordable buyers purchase units.

Lots of 3600 Square Feet and greater:

1. Continue to allow one unit per 900 square feet of lot size, but grant one extra market rate unit if a developer builds a 60% AMI unit.
2. The 900 square feet per unit rule will not apply if the developer elects to build a IZ unit
3. Reduce Matter of Right height from 40 feet to 35 feet, with 40 feet being allowed by special exception.
4. Developers will provide to the purchaser of the IZ unit the greater of \$5,000 or 3%, to be used as assistance towards the down payment money needed to secure a home loan in order to help affordable buyers purchase units

We are proposing that this new zoning rule shall only apply to row homes conversion not to existing apartment buildings in R-4. All existing multi units greater than 3 or more apartment homes or condo shall not be subject to this new rule

CONCLUSION

The current proposal by the Office of Planning could be modified to increase affordable housing unit production in the District while at the same time addressing the pop-up height issue. By including market-based incentives that encourage the private sector to build affordable units you increase production of affordable units in the neighborhoods that need it most, while at the same time reducing the height of pop-ups. Our plan creates strong incentives to achieve the following goals:

1. Increases the number of Inclusionary Zoning units in the District Columbia paid 100% by developers. Based on Multiple Listing Service ("MLS") data and an analysis of off market purchases by developers where the purchasing entity was a LLC, 500 or more IZ units a year could be brought to market in the R-4 zone with this proposal¹.

¹ 2014 MLS data + data for off market home purchases, where the purchasing entity was an LLC, indicated that there were approximately 1000 single family home sales in the R-4 zone which could be

2. Eliminates ugly pop-ups by cutting the matter of right height of a detached, semi-detached, row house or flat building from 40 feet to 35 feet, unless a special exception is approved
- 3 Provides for down payment funds to affordable housing-eligible purchasers paid for by developers. This new benefit for the buyer is made available by incentivizing the production of affordable housing
4. There will be no changes in current lot coverage ratios, setbacks or parking requirements, which will address light and air, and parking concerns raised by the community.

We ask that you review, consider, and adopt the enclosed proposal to solve the pop-up height issue and address the District's affordable housing crisis. We appreciate your time and consideration.



Mark O. Schuman, Esq.

considered conversions These were homes advertised as being "fixer-uppers" With the proper incentives, 50% or more of these would be targeted by the development community to build IZ units