



RECEIVED
D.C. OFFICE OF ZONING
2015 JUN -1 PM 2:58

ZONING COMMISSION CASE NO. 14-11
June 1, 2015

Jenna Jacobson
Development Manager and General Counsel - S2 Development LLC

INTRODUCTION

My name is Jenna Jacobson. I work for S2 Development, a residential real estate development company in Washington, DC. I am an attorney and member of the Bar of the District of Columbia, and I live in the District of Columbia. I **oppose the Office of Planning's proposed amendment** to the zoning regulations for the R-4 district.

Below I set forth what I believe will be unintended, lasting, harmful consequences on the District that will occur if this amendment is approved.

AFFORDABLE HOUSING CONSEQUENCES

By downzoning R-4, a district that makes up approximately 15% of the city's housing stock, prices of multifamily housing will increase across the city. If you decrease the supply of multifamily homes, demand increases, which moves prices of multifamily housing upwards. DC is seeing an influx of new people, why downzone amidst this growing demand for housing?

While I respect OP's attempt to correct this issue by requiring Inclusionary Zoning ("IZ") units when more than three units are built, this will actually make things worse. It is well documented that IZ units are nearly impossible to sell; in fact, it is my understanding that only three have sold since the program started. **As a result, the addition of IZ units hurts affordable housing because (a) lenders will not lend to purchase them so they cannot be sold and sit vacant and (b) it makes the rest of the units in the new development more expensive in order to make up for the loss that the developer takes on the IZ unit.** IZ units are built at a loss, so to make up for this, developers raise the price of the other units. Therefore, requiring IZ actually exacerbates the affordable housing issue in DC.

ECONOMIC CONSEQUENCES

The price of unrenovated, owner-occupied townhomes in R-4 districts will decrease dramatically while the price of new multi-family housing will increase. If developers build one fewer unit because of the amendment, the property is worth significantly less to the developer, meaning the developer pays the homeowner less for it. Additionally, in order

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

ZONING COMMISSION
District of Columbia
ZONING COMMISSION
District of Columbia
CASE NO. 14-11
EXHIBIT NO. 230



to make the deal viable with one less unit, the developer must sell the condos for more to new homeowners. Therefore, parties on both sides of the transaction are hurt financially by this proposal. I am truly **worried for homeowners of single family homes in R-4 districts who may not even realize how significantly their home value will decrease** if this proposal is passed. In fact, many long-time DC developers (including us) have completely stopped looking at R-4 properties because of this proposed amendment.

CITY REVITALIZATION CONSEQUENCES

R-4 developers are important. They go into neighborhoods that the bigger developers won't. They make an **appreciably positive impact on neighborhoods** and DC as a whole. If you slow this down, or even stop it completely, the result is more blighted properties, and the revitalization going on in many neighborhoods is stopped. This slows the incredible renaissance that DC is currently experiencing.

JOB LOSS CONSEQUENCES

Should you decide to pass this amendment, I beg you to put in place a **transition period** for those developers currently undergoing the permitting process. It can take more than six months to obtain a building permit and to not have a transition period in place for projects in the planning and/or permitting stages could have life-changing, job-ending, company-altering results. There must be a transition plan in place that protects those who purchased property and began the design and subsequent permitting process in reliance on the regulations as currently written.

Additionally, many construction-related jobs in the District will be lost due to this proposal. Many developers who focus on small multi-family development, typically done in R-4, will start focusing their projects on Virginia and Maryland. Projects that are in the pipeline that get cancelled if there is no transition will probably end many small developer companies and lead to job loss for construction crews who were prepared to build those projects.

Without a transition period or with just a short one, there will be *massive* pressure on DCRA to complete the building permit review process faster. Given that it takes at least six months to receive a building permit for a small multifamily project, even though the target timeline provided by DCRA is thirty days, DCRA's backlog will ultimately be the reason that many projects can never be built if there is not an exception in place for projects already in the permitting process.



DEVELOPMENT

CONCLUSION

I understand that as a Commission, you feel you need to do something to stop some of the truly hideous "pop-ups" that have been built over the last few years. As a developer who cares about what the quality, the ascetic, and the timelessness of what we build, I do not believe that this proposal does anything to alleviate the issue it is trying to address. **The proposed changes feel more like a punishment than a solution.** Solutions could include requiring set-backs, going through design-review, etc. That would make a noticeable impact in R-4. But to restrict development and renovation in the way that the proposal does, it (1) harms affordable housing; (2) lowers long-time home owner's value of their homes in R-4 neighborhoods; (3) will lead to job loss and business closures; (4) and slow the incredible revitalization going on in the District. I hope these consequences are considered when voting on this amendment.

Best Regards,



Jenna Jacobson

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