SUPPLEMENTAL REPORT

TO: District of Columbia Board of Zoning Adjustment

FROM: Megan Rappolt, Case Manager

JL for Jennifer Steingasser, Deputy Director Development Review & Historic Preservation

DATE: July 2, 2015

SUBJECT: **ZC #15-01 – OP Supplemental Report**

SUPPLEMENTAL ANALYSIS of REQUESTED RELIEF

This report provides additional information and clarification regarding questions the Zoning Commission raised during the June 4, 2015 public hearing.

Affordable Housing

In general, the Commission requested additional clarification regarding the Applicant's affordable housing proffer. The Applicant has proposed an inventive affordable housing proffer, including providing some of the required affordable housing units within the building, but also a number of off-site affordable rowhouse units to be provided in concert with Habitat For Humanity, some of which would be IZ units, and some additional ones which would meet Habitat criteria. To do this, the Applicant would provide financing, equivalent to $1.4 million (or $107,000 per unit), which would allow Habitat for Humanity to obtain additional sites for low income home ownership opportunities. The Applicant has stated Habitat sites would likely be a mix of renovated vacant properties and new construction. Although OP general has concerns with flexibility to provide affordable units off-site, OP is supportive of this proposal as it would help to provide larger sized affordable units that would otherwise be the case.

However, in the event that the Habitat units cannot be provided by the time of issuance of the CO for the PUD building, the Applicant proposes a "Plan B" which includes the provision of additional affordable units on-site. The Commission questioned whether the proposed "Plan B" scenario was sufficiently consistent with the proffer, as it appeared to result in the potential for less affordable housing.

The following is additional information and clarification regarding the Applicant's affordable housing proposal based on the information submitted in the record as of June 22, 2015. Note: 1) All figures cited below include **net** square footage per the Applicant's submission. 2) The average unit sized used below is 660 net sf.

- **IZ Requirement:** 8% of the residential gross GFA equates to **17,379 gross sf**. (based on Exhibit 51A). These are required to be provided at 80% AMI, for the life of the project, and would be provided under either "Plan A" or "Plan B".

- **Plan A:** The Proffer consists of a mix of on-site IZ units, off-site IZ units to be provided through Habitat for Humanity, and additional off-site units provided through Habitat for Humanity subject to their 15-year affordability term:
  - **On-Site:** 7,747 sf of rental IZ units @ 80% AMI; equivalent to 11 to 12 units.
  - **Habitat Off-site IZ units:** 7,747 net sf for seven off-site rowhouse units subject to IZ, for sale units at 50% AMI maximum; and

  - **Habitat Off-site Units Proffered**: 6,000 net sf for six off-site units subject to the Habitat for Humanity term of 15 years of affordability at 50% AMI maximum.

- **Plan B:** In the event the Habitat sites cannot be acquired, and the offsite housing is not sufficiently under construction by the time of the issuance of the CO for the PUD building, the Applicant requests the flexibility to allow for the off-site requirement to be converted to units in the PUD building, on a unit-by-unit basis, as opposed to a sf-to-sf basis.
  - **Original On-Site Proffer:** 7,747 sf of rental IZ units @ 80% AMI; equivalent to 11 to 12 units (unchanged from "Plan A").
  - **Seven Habitat Offsite IZ Units: Convert to five onsite rental units.** This would appear to result in a reduction of 3,127 sf. of affordable unit area (7 offsite for sale units = 7,747 net sf; vs 7 on-site rental units at 660 sq.ft. = 4,620 net sf). In addition, while the offsite "Plan A" units would be all at 50% AMI, the "Plan B" onsite units would be split – five at 50% AMI and two at 80% AMI.
  - **Six Habitat Offsite Units Proffered: Convert to six onsite rental units.** This would appear to result in a reduction of at least 2,040 sf. of affordable unit area (6 offsite for sale units at 1,000 net sf minimum = 6,000 net sf; vs. 6 on-site rental units at 660 sq.ft. = 3,960 net sf). In addition, while the offsite "Plan A" units would be all at 50% AMI, the "Plan B" onsite units would be at 80% AMI.
  - **Total Summary of "Plan B":** The "Plan B" proffer would appear to include 13,027 sf (19 to 20 units) @ 80% AMI and 3,330 sf (5 units) @ 50% AMI, which totals to 16,357 net sf. The Applicant states at a minimum, 15,494 net sf would be provided. IZ requires 17,379 gross sf of IZ units be provided. In this scenario, the housing benefit beyond the IZ minimum becomes the five units/sf attributed to the deeper level of affordability of 50% AMI.
  - It is unclear if the monetary contribution to Habitat from the Applicant attributable to each of the off-site units ($107,000 each unit) will be made to Habitat if the units are not under construction to a sufficient degree by issuance of the C of O for the PUD building.

- Under this Proffer, in addition to the "Plan A" and "Plan B" scenarios outlined above, it is plausible that <u>some</u> Off-site IZ Units and <u>some</u> Off-site Habitat Units could be constructed prior to issuance of the C of O of the PUD. The exact number cannot be determined for certain. If that occurs, then in addition to the 7,747 sf of rental IZ units @ 80% AMI to be constructed in the PUD building; 5 units could be converted back into the PUD building @ 50% AMI, and some off-site units—either IZ or Habitat—would be completed. Again, the number of units, type of off-site units and location cannot be determined or is not addressed by the Proffer, except for the location of the units in Ward 5 and best-efforts for some of them in ANC-5D.

- Due to the uncertainly that could occur with the off-site housing element, the seven (7) off-site IZ units should be provided pursued by the Applicant and Habitat <u>prior to</u> pursuit of the six (6) off-site Habitat units.

Off-Site Park Improvements

Per the Applicant's Draft Findings of Fact and Conclusions of Law dated June 29, 2015, it appears the Applicant is no longer proffering to maintain the off-site DGS property and/or the related improvements proffered by the Applicant. OP has requested that the Applicant address the maintenance, as it was raised as a concern of the Zoning Commission at the June 4, 2015 public hearing.