

**Response to Opposition Comments on  
Affordable Housing, Gentrification and Displacement**

I. **Response on Affordable Housing**

With respect to affordable housing specifically being provided in the project, the Applicant previously submitted information to the record that the project is exempt from Inclusionary Zoning (“IZ”) other than IZ generated by the penthouse habitable space. As is detailed in the Applicant’s Initial Post-Hearing Submission (Exhibit 60), the exemption from the IZ requirements for the residential use within the building was determined to be not inconsistent with the Comprehensive Plan by the Zoning Commission. While the Applicant could satisfy the IZ requirement for penthouse habitable space with a contribution to the Housing Production Trust Fund, the Applicant has agreed to provide that requirement on-site. The IZ generated by the penthouse habitable space results in one IZ unit, which will be provided in Phase A of the project and set aside for households earning up to 50% of the Median Family Income (“MFI”).

In addition to the one required IZ unit, the Applicant has committed to providing 19 non-required affordable units (“Non-IZ Affordable Units”) at 60% of the MFI for the life of the project. The Non-IZ Affordable Units will also meet the following development standards that are applicable to required IZ units: (i) the proportion of studio and one-bedroom Non-IZ Affordable Units will not exceed the proportion of studio and one-bedroom market rate units; (ii) the Non-IZ Affordable Units will have comparable exterior design, materials and finishes to the market rate units; (iii) the Non-IZ Affordable Units will have comparable interior amenities such as finishes and appliances as the market rate units; (iv) the Non-IZ Affordable Units will not be overly concentrated on any floor of the Project; and (v) the Non-IZ Affordable Units will not be located in cellar space.

**In summary, the Applicant is providing affordable housing well beyond the minimum required by the Commission-adopted IZ regulations (one unit required; 20 units provided).** However, the provision of affordable housing beyond the amount required by IZ is outside of the Commission’s purview in this Design Review case, which is limited to the standards set forth in Subtitle I § 616, Subtitle I, Chapter 7, and Subtitle X § 901.2.

II. **Response on Gentrification and Displacement in the Southwest Neighborhood**

The Opposition claims that the project will result in gentrification and displacement of Southwest residents; however, they have approached the issue of affordable housing in the District extremely narrowly by applying a one size fits all solution to an issue that requires a range of strategies and programs spanning several District agencies that focus on, among other things, preserving existing affordable housing and controlling housing costs for existing residents through “non-zoning-related” programs that provide rental assistance and limit assessment value increases.

Increasing market rate and affordable housing supply is yet another strategy proven to be effective at addressing the issue of affordable housing, and the project will be greatly beneficial in this regard by adding approximately 615 new units of housing, of which 20 units will be set aside as affordable at 50% and 60% of MFI. Contrary to the Opposition’s claim that the project will harm the area’s existing affordability, actual analysis conducted by the District has shown that

increases in housing (both market rate and affordable) have not impacted lower income residents. Specifically, according to a report entitled “*Bridges to Opportunity, A New Housing Strategy for D.C.*” (March 2013), prepared by the 2013 Comprehensive Housing Strategy Task Force, “the recent increase in market rate housing does not appear to have led to significant gentrification, by which we mean the displacement of lower income residents. In fact, over the past two years of the city’s population growth, the number of people filing income taxes has increased across all income levels citywide. Market rate housing starts are essential to improving the city’s continuum of housing as are public-private investments in affordable housing development.” See *Bridges to Opportunity*, pp. 7 and 41.

More recently, in 2020 the District Office of the Chief Financial Officer published a report entitled “*The Impact of an Increasing Housing Supply on Housing Prices*,” which concluded that without housing growth, rents would be more than 5% higher than current rents in the District, and if housing is not increased as planned by the Mayor for 36,000 new units, rents will go even higher. Moreover, a 2017 study prepared for the McMillan Redevelopment by Robert Charles Lesser & Co. (“RCLCO”) similarly found that “[a]cademic studies and articles from a wide range of political perspectives are increasingly finding that addition of new housing of all types and price ranges is one of the key steps that can be taken to mitigate rising housing prices and rents.” See RCLCO Study at Z.C. Case No. 13-14, Ex. 896G. Accordingly, there is substantial evidence that increasing the supply of all types of housing, including both market rate and affordable housing, will help all income levels and slow the increase to housing prices throughout the District.

The Applicant previously submitted a summary of its efforts to achieve the goals set forth in the Mayor’s Housing Initiative, including the production of 36,000 market rate units and 12,000 affordable units and the preservation of approximately 4,700 existing affordable units. See Exhibit 60B. Development of the project targets the Mayor’s first initiative in delivering new market rate units, in addition to the 20 affordable units that will be provided on site, which is an integral component of the Mayor’s Housing Initiative. As set forth in Exhibit 60B, the Applicant is also deeply committed to producing and preserving affordable housing throughout the region. See description of the Applicant’s Washington Housing Initiative (“WHI”), which is focused on the delivery of affordable housing on sites that have access to the many tools identified in the *Housing Equity Report: Creating Goals for Areas of Our City*, prepared and published by the Department of Housing and Community Development (“DHCD”) in October, 2019, including tax credits/bond financing and land use incentives such as increased density, among others.

Finally, the proposed residential development does not result in any displacement of current residents. The subject property is largely vacant and is only improved with a small retail store.

Accordingly, based on the foregoing summary and the Applicant’s previous submissions to the case record, and contrary to the Opposition’s claims, the Applicant submits that the project will have positive impacts on affordable housing in the District through the significant number of new residential dwelling units that will be constructed at the Property, including the affordable dwelling units that are not required under the Zoning Regulations, and will not result in displacement of any existing residential units. To that end, the project will not cause or exacerbate gentrification or displacement of existing residents in the surrounding area, and will instead help

to mitigate the negative effects of gentrification and increased housing costs throughout the District.