



Comment from the Committee of 100 on the Federal City to the D.C. Zoning Commission

on

**Proposed Rulemaking Action, Z.C. Case No. 21-05, Text Amendment – Subtitle C IZ-XL Phase #2,
Applying Inclusionary Zoning to Conversions of Non-Residential Buildings to Residential Use**

November 19, 2021

The Committee of 100 on the Federal City (C100) commends the Zoning Commission for re-evaluating many aspects of the Inclusionary Zoning program regulations (IZ) within the context of heightened concerns about racial equity and economic changes exacerbated by COVID-19. However, our comments on the Commission’s proposed rulemaking action for Phase #2 urge far more comprehensive and aggressive action to better meet the city’s growing income divide and affordable housing deficit partly created by a long history of land use and zoning decisions.

The proposed rulemaking action applies IZ to conversions of non-residential buildings to residential use when ten or more living units are created. The original set aside requirements for the percentage of affordable units produced remains unchanged from the levels set at enactment in 2006. Similarly, the proposed rulemaking action continues the IZ exemption in the central core of the District of Columbia. *The C100 finds this decision is unsupportable and a huge mistake given the Zoning Commission’s interest in pursuing new ways of using IZ to create additional affordable housing.*

The central core of the District – the Downtown -- experienced the city’s greatest expansion of housing from 2000 to 2017 according to the D.C. Comprehensive Plan recently updated by the D.C. Council. More than 6,000 residential units were constructed in Central Washington in that period with the vast majority in buildings with twenty or more units – all, thus, meeting the threshold for the IZ program. Concurrent with the renaissance of Downtown was the displacement of thousands of Black DC residents. From 2000 to 2015 the percentage of Black residents declined from 60% to 29% and the White population tripled in size, increasing from 25.9% of the area’s population to 52%. The Office of Planning projects in the Comprehensive Plan, Central Washington Element, that the population in the Downtown area will more than double in population from 2017 to 2045. Without IZ required in this area, the population is likely to be almost entirely White and wealthy.

City policies continue to encourage housing development in Downtown. The Zoning Commission must acknowledge that housing is developing in this part of the city and amend the IZ program accordingly to achieve more affordable housing. According to the Council Office of Racial Equity’s November 7, 2021 assessment of legislation pending in the Committee on Business and

Economic Development, “the District has produced only 298 affordable units (or less than 30 percent of its goal) in the entire Central Washington Area.* This figure includes 137 affordable units created to replace housing units that were demolished at Temple Courts.”¹ Producing affordable housing through private development is the purpose of IZ and it makes no sense to operate the program throughout the city except Downtown where significant numbers of housing units are being produced.

The IZ program should be a flexible program that responds to the city’s need for affordable housing and leverage the real estate industry’s pivot from office to residential development as it moves to maximize profits. The vacancy rates for office use are disturbingly high and causing the industry to re-imagine office as residential. In October 2021 the D.C. Office of Revenue Analysis reported that the office vacancy rate citywide was 14% in newer buildings and higher for older office buildings. The office vacancy rate in the Golden Triangle/K Street section of Downtown has been elevated since 2008 when the Great Recession coincided with the production of new, amenity-rich office buildings that were more attractive than this section’s 1950 and 1960’s era office buildings. As the real estate industry changes course to re-establish profitability so, too, must the Zoning Commission take steps to restore affordable housing Downtown.

It is essential that, to address racial equity and enhance the stock of affordable housing, the Zoning Commission apply IZ to all Downtown residential development. In the context of the current rulemaking, it can take a first step by providing that the IZ requirements for non-residential to residential conversions are applicable to all such conversions, including those in the Downtown zones.

¹ Racial Equity Impact Assessment 2 Patterson Disposition Approval Resolution of 2021, Council Office of Racial Equity, November 7, 2021.

*Embedded in the quote is Footnote 26 which occurs at *. It cites the DMPED Economic Intelligence Dashboard.