

Strengthening DC's Inclusionary Zoning

DC Zoning Commission
Case No. 04-33G

DC Campaign for
Inclusionary Zoning

Cheryl Cort
Coalition for Smarter Growth
Claire Zippel
DC Fiscal Policy Institute

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2221 14th St, NW, 30-unit building with 4 IZ units under construction near the U Street Metro

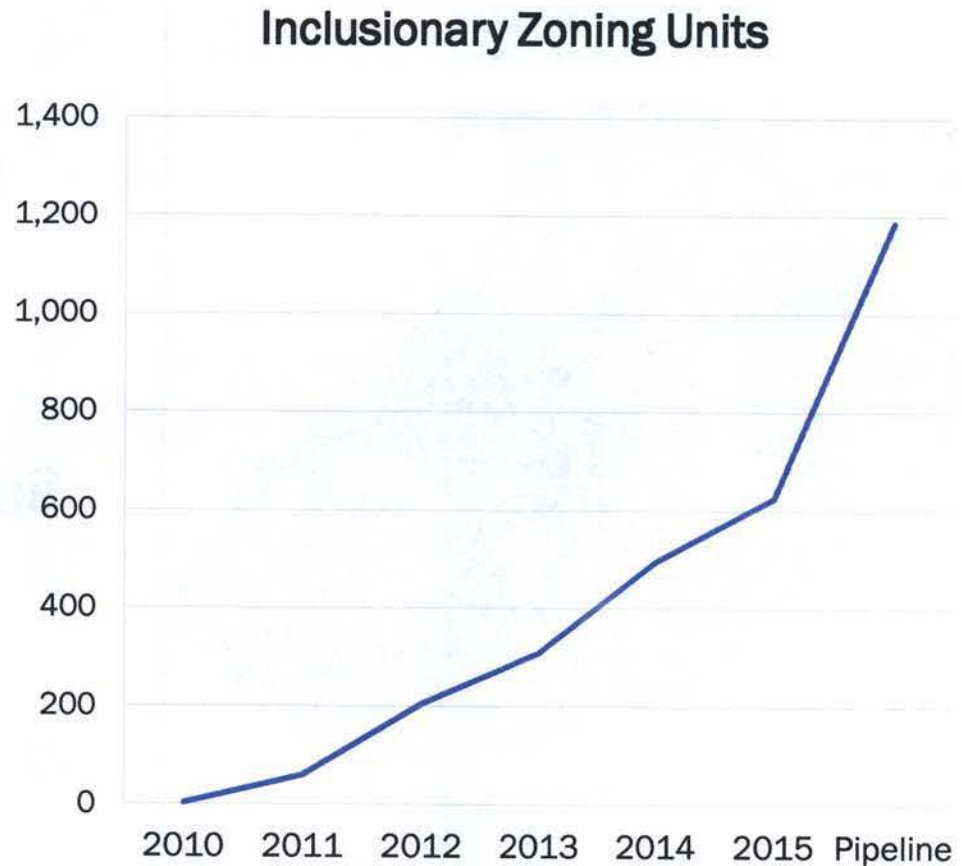
ZONING COMMISSION
District of Columbia
CASE NO. 04-33G
EXHIBIT NO. 152

We Support Office of Planning Option 1B

- ▶ Rentals @ 60% MFI & Condos @ 80% MFI
- ▶ Aligned with DC's affordable housing needs
- ▶ Consistent with national best practices
- ▶ Value of existing bonus density largely offsets lower rents
- ▶ Small impact on present land values

With Production Ramping Up, Time to Revisit

- ▶ 900 IZ units produced or under construction
- ▶ 25-year high in DC residential construction last year



Sources: DC Office of Planning set-down and final reports on case no. 04-33G.

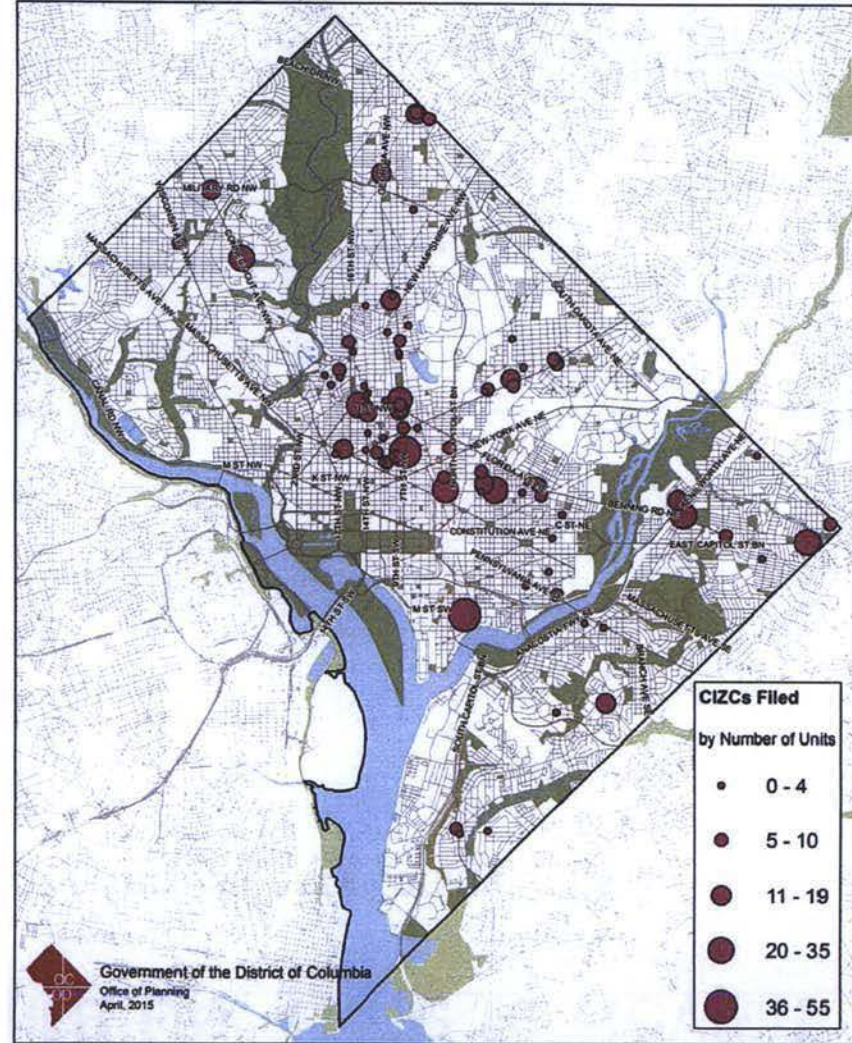
New Private Housing Units Authorized By Building Permits in the District of Columbia, via Federal Reserve Bank of St. Louis.

Unique Tool in DC's Affordable Housing Toolbox

- ▶ Affordable housing in neighborhoods of opportunity – access to jobs, transit, good schools
- ▶ Affirmatively Furthering Fair Housing
 - ▶ Requires “proactive steps” to reduce disparities in housing choice

ZC Application 04-33G, Inclusionary Zoning Amendments
July 3, 2015

Map of Inclusionary Zoning Projects



Source: DCHD database of issued CIZC, April 2015.

DC's Affordable Housing Needs

DC's Affordable Housing Needs

- ▶ Severe housing cost burden
 - Half or more of income goes to pay for housing
 - Best measure of need in urban markets
- ▶ High housing costs especially tough on lower income households' ability to afford necessities

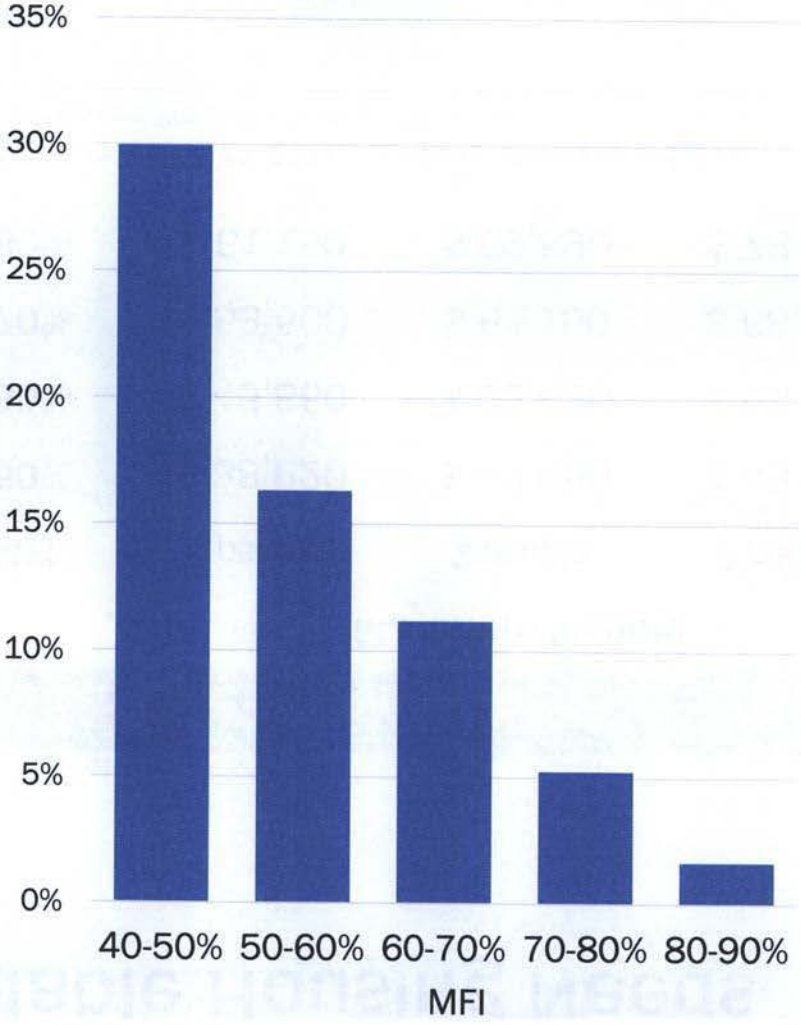
DC's Affordable Housing Needs

Income Levels			
	Maximum Income		
MFI	1 person	2 people	3 people
50%	\$ 38,220	\$ 43,680	\$ 49,140
60%	\$ 45,860	\$ 52,420	\$ 58,970
70%	\$ 53,500	\$ 61,150	\$ 68,800
80%	\$ 61,150	\$ 69,890	\$ 78,620

Source: DC Code § 42-2801, Department of Housing and Urban Development Program Income Limits, 2015.

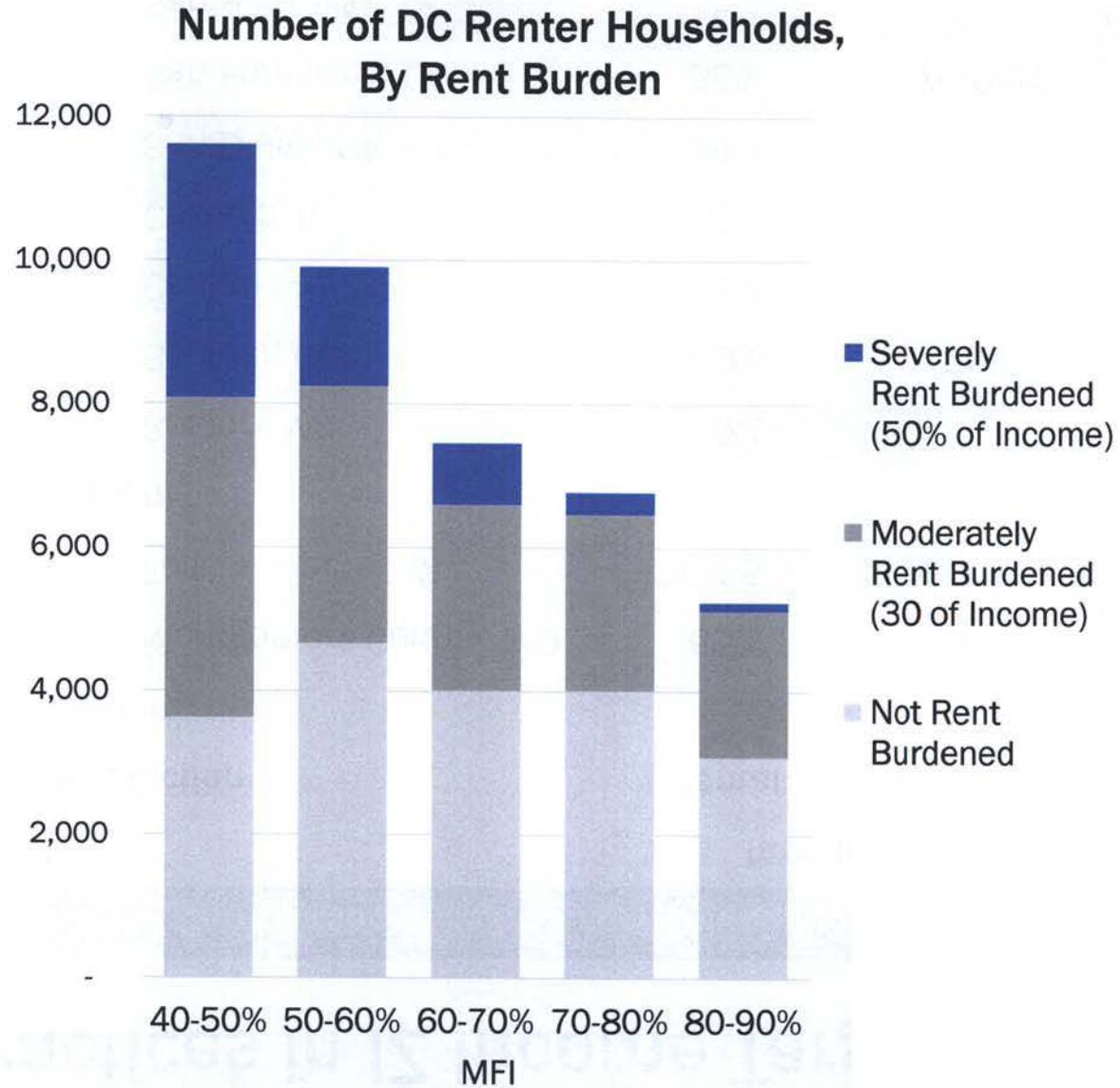
DC's Affordable Housing Needs

Percent of DC Households Severely Rent Burdened, By Income Level



Source: DCFPI analysis of 2013-2014 American Community Survey microdata.

DC's Affordable Housing Needs



Source: DCFPI analysis of 2013-2014 American Community Survey microdata.

Best Practices in IZ Income Targeting

Comparison of Inclusionary Zoning Programs		
Jurisdiction	Targeted MFI	
	Rental	Ownership
Region		
Montgomery County, MD	65%	70%
Fairfax County, VA	50-65%	70%
Nation		
Boston, MA	70%	-
Boulder, CO	60%	70%
Cambridge, MA	65%	65%
Chicago, IL	60%	100%
San Diego, CA	65%	-
San Francisco, CA	55%	70-90%
Santa Fe, NM	65%	-

Source: Urban Institute Affordable Housing Needs Assessment for the District of Columbia, Phase I, 2015; Office of Planning Final Report for Case 04-44G, Technical Appendix, 26 Feb. 2016.

IZ Produces Very Few Truly Affordable Rentals

Most IZ Units Are Moderate-Income Rentals			
Percent of IZ units			
Includes matter-of-right, PUDs, and subsidized affordable units that count for IZ compliance			
Affordability	Ownership	Rental	<i>Total</i>
50% MFI	7.5%	4.8%	12.3%
80% MFI	10.2%	77.5%	87.7%
<i>Total</i>	17.6%	82.4%	100.0%

Source: Office of Planning presentation to working group, Aug. 26, 2015.

DC's Affordable Housing Needs

- ▶ Very few 80% MFI households are severely rent burdened

Only 9 percent of renters 60-80% MFI are severely cost burdened

Compared to 24 percent of renters 40-60% MFI

DC's Affordable Housing Needs

- ▶ Office of Planning: 80% MFI rental “very close to available rental market supply”
- ▶ Urban Institute: “For low income [80% MFI] households, we project a surplus of at least 4,300 affordable units” by 2020
- ▶ $\frac{3}{4}$ of lottery-registered households are at or below 60% MFI
 - IZ program should serve more of these registered households

OP Final Recommendation

- ▶ Majority of IZ production would remain 80% MFI units
 - Extending 50%/80% MFI split to only 2 zones with high development capacity, at 8% set aside
 - 2/3 of IZ production would be 80% MFI units, based on current output
 - Would not significantly increase opportunities for lottery registered households
- ▶ Freeze IZ rents
 - Would not affect eligibility for units
 - Administrative change, rather than policy change

Economic Impact of Option 1B

IZ Created Significant Value in Market

- ▶ Bonus density created to offset cost of setting aside affordable units
- ▶ Program has turned out to overcompensate developments
- ▶ It's time for the District to reclaim that windfall so we can achieve deeper affordability