

# ward3vision

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April 14, 2016

Chairman Anthony Hood  
DC Zoning Commission  
441 4<sup>th</sup> Street, NW, Suite 210  
Washington, DC 20001

RE: Support for Zoning Case No. 04-33G: Make Inclusionary Zoning More Affordable

Dear Chairman Hood & Members of the Zoning Commission:

My name is Susan Kimmel. I live in Tenleytown in Cityline, a condo located right on top of the old Sears building and adjacent to the metro stop. I love the urban amenities of DC!

I am here tonight as the Chair of the Ward3Vision Steering Committee to urge you to make Inclusionary Zoning more affordable, because we need to adjust the current regulations of the DC IZ policy to target an unmet need and fill an increasing demand for housing by those whose incomes are at the 61-80% of Median Family Income (MFI).

The premise of Inclusionary Zoning and its enormous success in many other jurisdictions is that by requiring below-market units integrated into new development, it enables a range of affordable housing opportunities in every neighborhood of the city. Furthermore, by including the affordable units in the same location as other market-priced housing, it enables a dynamic mix of residents interacting with each other in a way that brings vitality throughout the city.

Ward3Vision has made it our mission to “work to ensure that DC grows in a way that is environmentally and socially responsible, positive, and progressive.” One of our 8 top priorities is to provide “Housing that is affordable for low and moderate income families.” We strongly believe that diversity and inclusivity contribute to the vibrancy of urban life and fully support the city’s policies to overcome the lack of affordable housing when the market has priced out the availability of units at the lower end of the scale. Ward3Vision has on two previous occasions testified in favor of Inclusionary Zoning and we are thrilled that some projects in Ward 3 that are nearing completion will soon deliver a significant number of IZ units.

Although DC has in place a number of different federal and local housing programs and has invested increased funding for affordable housing, the supply has not been well matched to the demand. As the statistics in the appendix of the report prepared by the Office of Planning demonstrate, there are unfilled units for those whose incomes are above the 80% bracket of MFI (indicating either a surplus or lack of qualified applicants) while a deficit in the number of units completed, under construction, or in the pipeline for those at 61-80% of MFI. Meanwhile, the number of units for this middle bracket that are at the conceptual stage of development is negligible – perhaps fewer than 100 units – in the total goal of 10,000 units by 2020.

ZONING COMMISSION  
District of Columbia  
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EXHIBIT NO. 201  
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The problem of lack of affordable housing is only escalating as there are more and more seniors on fixed income and more and more millennials on starting salaries moving to DC – not to mention the long-term residents of DC who have remained within the city despite growing pressures to move to less expensive suburbs where commuting can be both costly, time-consuming and increase traffic and pollution. The city should make every effort to retain its middle-class citizens who have felt the pressure of gentrification but have managed to stay deeply ingrained in the fabric of the city.

While mentioning the option of cheap housing at the outskirts of the suburbs, I would like to point out that the principles of affordability go hand-in-hand with the benefits of transit-oriented development. To its credit, OP evaluated the impact of the savings from the reduced amount of required parking under the newly adopted Zoning Rewrite Regulations. Yet OP, in Option 1A, did not want to apply these savings to lower rents in the IZ units to below 30% of income. I agree that it's great that the reduction in parking has reduced the cost of housing city-wide making it more affordable. Yet, it doesn't make sense to me why the savings are not directly applicable to rents of IZ units which could further reduce the burden on lower middle class budgets. In OP's report, by reducing the parking minimum in the each of the 5 zones affected (CR, C-3-A, C-3-C, C-2-C, and W-3), the ZRR has produced a cost savings of between 12.5 and 17.9%. Now is the time to capitalize on the benefits of this savings by factoring in these savings into the creation of additional affordable units (above the proposed 10%) or reducing the rent of IZ units to be more comfortably affordable at 28 or 29% of income.

This brings me to the question of income levels, pricing of rents, cost of construction, and land values. Even after taking a continuing education class offered by the DC Bar on the Inclusionary Zoning regulations, I am definitely not an expert on the economics. However, the OP report does demonstrate that lowering the rents to accommodate residents at the 61% MFI level does not have a negative impact on land value greater than 5% except for the C-2-B zone. It is possible to adjust the percentage of units required for that particular zone to bring it in line to the 5% change. This adjustment factor would be built into the regulations and not need to be reviewed on a case-by-case basis. So developers would be able to predict their rate of return with a known quantity. A 5% reduction in land value is considered within the acceptable margins of contingency for any project and, according to developers who participated in preparing the report, would not adversely affect new construction in the District.

However, those who have studied the numbers can demonstrate that the figures proposed by OP in Option 1A are at best lukewarm – they only make a small dent in a tremendous need. By splitting the number of required IZ units between the 50% MFI and the 80% brackets, it creates competition between other programs serving the lowest income households and overbuilds at the higher income. Those at 50% MFI or lower have other options with Section 8 vouchers and public housing alternatives. There are more units for 80% and above than households who qualify. It's almost like the middle child who never gets the attention she deserves. The 61-80% of MFI are left out – not poor enough to qualify for Section 8 and not wealthy enough able to qualify for the higher rents. Yet, when considering ownership, it may be possible to set the mark a little higher at 70-80% of income.

As mentioned earlier, DC is going through a housing boom. Lowering the MFI will not discourage the construction of new market-rate units but will enable more low-income people to remain in the city and live here with dignity. To further that goal, I ask that the Zoning Commission implement other aspects of IZ policy which have either been demonstrated to work well here or proven elsewhere to be sound approaches:

1. Provisions should be enacted to allow the city or qualified non-profits to purchase IZ units and then provide some additional subsidy when renting these units to people at lower incomes, thus serving those at a deeper level of need.
2. Keep IZ's current standards that make all affordable units permanently affordable: The Zoning Commission was very wise to ensure that IZ units are permanently affordable so that the city will always have affordable homes even as many neighborhoods rise in value. This was a first for DC and will be even more significant as the number of IZ units continues to increase throughout the city.
3. Elaborate on the policy of allowing IZ units to be built off-site. Incentives should operate to encourage integrated inclusion of the IZ units wherever possible to produce diverse neighborhoods. However, there are circumstances where it's not possible to include the required number due to a variety of possible factors. In those cases, it is important that the IZ units be located no more than ½ mile from the project and that the number of units should be greater than the number that would be required if the IZ units had been built on-site.
4. Keep using IZ to build mixed income buildings and neighborhoods: Because new construction has the incentive and requirement to include IZ units, these regulations will promote diversity throughout the city in wealthier and more moderate-income neighborhoods. In the future, when there may be revisions to the Comprehensive Plan, we should use increased density, not only increases to allowable height, as an incentive to stimulate even more IZ units to be constructed.

Recently, there has been a lot of discussion of the Mayor's bold efforts to reduce homelessness in the city by providing state-of-the-art facilities with a full range of services to help individuals and families get back on their feet and find permanent housing. Mayor Bowser made this a citywide effort. Each ward is required to do its share. This shows how deeply the Mayor cares about the welfare of DC citizens and the city's responsibilities to shoulder the costs. It seems to me that making Inclusionary Zoning more effective is consistent with these principles. Targeting the currently underserved 60% MLI DC residents would be a similar act of foresight to provide affordable housing distributed across the city and sharing the cost through public and private investment in a way that all would benefit.

In summary, on behalf of Ward3Vision, I ask you to support the recommendation of the applicants for Option 1B found in OP's report. I urge the Zoning Commission to build on the strengths of IZ, and correct its shortfalls. By ensuring IZ created truly affordable housing for rentals at the 60% median income level, IZ can make a much larger contribution to the severe housing challenges faced by our city. We need to ensure that we are using this powerful tool to its full potential.

Thank you for your concern for making the most of Inclusionary Zoning and making DC a welcoming place to moderate and low income people. I appreciate the opportunity to testify.

Sincerely,

/s/

Susan Kimmel

4101 Albemarle St. NW  
Apt. 408  
Washington, DC 20016