

CASE NO. 04-33G (Amendments to Chapter 26, Inclusionary Zoning)
Testimony by The JBG Companies
Presented by Britt Snider, Principal at The JBG Companies
April 14, 2016

Good evening Chairman Hood and members of the Zoning Commission. Thank you for the opportunity to testify. My name is Britt Snider. I am a Principal at The JBG Companies and I am here tonight to support the recommendations contained in Option 1A in the Office of Planning's February 2016 Memorandum regarding the proposed Inclusionary Zoning Amendments.

JBG has participated in the current Inclusionary Zoning program at several of our DC projects. In our experience, the relationship between bonus density and affordable housing in the current IZ regulations has worked effectively to deliver units for moderate-income families throughout the District.

All of that being said, the proposed modifications introduced by the Applicant are worrisome for the continued production of all housing, including affordable housing.

In fact, the proposed changes by the applicant would reduce land values significantly: by our measure approximately 10% or more depending on the submarket. With such a reduction in land value, many projects would become financially unviable, leading to the unintended consequence of actually reducing the production of new housing, including IZ units. This is especially the case in neighborhoods that have relatively lower land values and also have some of the largest proposed deliveries of affordable units.

We have recently built projects that are leasing up and/or stabilized that are now complying with the existing Inclusionary Zoning program. If the IZ MFI requirement were changed from 80% to 60% those projects would have taken a financial hit that may have altered our company's decision to either move forward with the project and/or alter the development program (e.g. more commercial uses instead of residential). For example, one of our recently developed, matter-of-right projects, Atlantic Plumbing in Shaw would have seen land value reductions of approximately 10% and we likely would not have proceeded with the project and 34 IZ units would have been lost or certainly delayed. Our projects in more transitioning neighborhoods like Fort Totten would have seen land value reductions well over 10%.

The Applicant has also made the assumption that parking reductions allowed under the Zoning Regulations Rewrite (ZRR) would make up for a majority of the change to land value. That is in fact not the case. Even under the approved ZRR parking regulations, we would build the same amount of parking at the project in Shaw if designed today to meet market demand. We do not believe the change in zoning regulations alone will reduce market demands for parking, and thus an argument that suggests land value increases from such a change should not be taken into consideration.

JBG supports the IZ program because of its success in delivering IZ units to families that need them. We also support a comprehensive look at strengthening the IZ program, but only in conjunction with efforts that would mitigate impacts to land values. Piecemeal changes will negatively impact land values and hamper the production of new housing supply. We believe the way to positively impact the amount of affordable housing is to build enough housing to meet market demand, and as part of that effort deliver IZ units. Reducing land values will only exacerbate the affordable housing issues in the District.

Thank you for the opportunity to testify this evening.