

**MEMORANDUM**

**TO:** District of Columbia Zoning Commission  
**FROM:** *JL for* Office of Planning  
**DATE:** May 12, 2022  
**SUBJECT:** Cases 21-23 and 21-24

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The Office of Planning (OP) has reviewed the Inclusionary Zoning (IZ) related petitions filed by the Office of the Attorney General (OAG) in cases ZC 21-23 and ZC 21-24.

Case number ZC 21-23 would mandate that IZ be applied to residential developments in all 11 downtown zones, rather than the 3 where it now applies.

Case number ZC 21-24 would do four things:

- 1) Lower the maximum household income eligibility for rental units from 60% MFI to 50% MFI;
- 2) Lower the maximum household income eligibility for ownership units from 80% MFI to 70% MFI;
- 3) Mandate that one IZ units be reserved for very-low-income households (30% MFI) in every IZ rental development, regardless of size; and
- 4) Incentivize reservation of additional 30% MFI units in rental projects and 50% MFI households in ownership projects.

OP's initial analysis of ZC 21-23 and 21-24 suggests the new requirements could result in fewer IZ units because of the proposals' impacts on the market rate housing to which IZ units are tied. OP's preliminary review also indicates that there are many Comprehensive Plan policies with which the ZC 21-23 and 21-24 may actually be inconsistent.

- The MFI changes would exclude from IZ some income groups the Comprehensive Plan targets to be better-served by affordable housing (Policy H-1.2.2 and Figure 5.8).
- Both the MFI proposals and the downtown proposals would not provide the balance the Comprehensive Plan calls for between new requirements for greater affordability and incentives or regulatory relief for those providing the more affordable units. (Policies H-1.1.2, H-1.1.3, H-1.1.6, CW-1.1.5, Actions H-1.2.E, and CW-1.1.E and several other policies and actions).

Additionally, OP is concerned that there has not been consideration of the ability of housing providers and government agencies to handle the administrative complexity created by the intersection of multiple new and proposed amendments that would increase or decrease IZ requirements. These include: IZ Plus and the petitioner's incentives for 30 percent of MFI; Case

number 21-22's proposed parking reductions; and Case number 21-25's off-site provision, which has yet to be set down. Considerable analysis will be required to determine how these multiple provisions might interact.

Given these inconsistencies and the petitioners failure to provide an economic impact analysis that documents the potential impact on the feasibility of market rate housing development, OP recommends that the Zoning Commission suspend the setdown of ZC 21-23 and ZC 21-24 until after:

- 1) OP conducts stakeholder engagement with members of the public, government entities, and interested groups to develop and analyze concepts for providing additional affordable housing and deeper levels of affordability, particularly in the downtown area; and
- 2) The Zoning Commission holds a Public Roundtable to discuss these concepts.

OP's experience with the original consideration of IZ and the more recent consideration of ZR16 indicates that an open discussion of concepts among a broad range of individuals and groups results in a better airing of concerns, the identification of issues, and the development of alternative concepts for consideration than within a more formal public hearing. A roundtable enables discussion of concepts and alternatives without the need for the Zoning Commission to take a position for or against specific language.

Additionally, this approach would allow OP to analyze the concepts that are developed during stakeholder engagement with respect to Economic Impact, Administrative Feasibility, and Racial Equity, particularly the impact on Black or People of-color lower income households.

Below is a proposed timeline for the stakeholder engagement, roundtable and public hearing.

May-Sept 2022	Oct 2022	Nov 2022	Jan 2023
Stakeholder Engagement on Concepts	ZC hosts Public Round Table	OP submits Setdown report	ZC conducts Public Hearing