

The Committee of 100

on the Federal City



January 12, 2022

Committee of 100 Comments on:

Case Number 22-01 – Office of Planning’s Proposed Text Amendment to Subtitle G, H & I to Permit Matter-of-Right Residential Use of Non-Residential Building Built Prior to 01/01/2022 that Exceeds Development Standards for Residential Use; and

Case Number 21-23 – Office of the Attorney General’s Text Amendment Petition – Inclusionary Zoning Applicability to All D-Zones

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The Committee of 100 on the Federal City (“C-100”) offers the following comments on the set down report filed by the Office of Planning (“OP”) for **Case Number 22-01** that would allow existing non-residential buildings built prior to January 1, 2022, to convert to residential use as a matter-of-right. While the proposal is a step in the right direction, C100 sees a number of issues that need to be addressed as the proposal moves through the review process. We will focus our comments on how the proposal would apply to Downtown (“D”) Zones, which are covered by the proposal. We are also offering comments on the proposed text amendment proposed by the Office of the Attorney General that would apply Inclusionary Zoning to the D Zones.

Some background here is important. According to recent reports, the vacancy rate in downtown office buildings is close to 17 percent, and reaches 20 percent in some areas. We foresee these vacancy rates increasing as tenants reduce currently unused or underutilized space when their leases expire. Many land and building owners downtown are struggling. As more workers become accustomed to remote work, OP sees the writing on the wall – there will be less demand for office space. While office conversions downtown have been rare, the environment is changing. The extent of the change can be seen in the change in the Office of Planning’s position. Just a little over two years ago, Andrew Trueblood, OP’s Director, stated in a letter to the DC Council that the Office-to-Affordable Housing Task Force, which he chaired, concluded that office space is more profitable than residential use and that “office-to-

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CASE NO.22-01
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residential conversions are not the most effective method of addressing the District's most pressing housing needs." What a difference two years makes.

C100 has long advocated for the Inclusionary Zoning Program to apply to the Downtown Zones, where they are currently exempt. OP's analysis of its proposal mentions that "[N]on-residential to residential use conversions represent an opportunity to create both market-rate and affordable housing units." Expansion of Inclusionary Zoning to the Downtown Zone is desirable and needed. However, despite the rhetoric, the text amendment will not accomplish OP's stated goal of creating more affordable housing. Rather, we can expect more high-priced condos and apartments. In fact, the proposal would appear to be designed to mostly benefit land and building owners, as demonstrated by the Request for Information (DCEB-2022-1-0001) issued by the Deputy Mayor for Planning and Economic Development that specifically seeks input from current and prospective property owners.

The Office of the Attorney General ("OAG") has proposed that the Zoning Commission take emergency action to adopt a proposed text amendment that would apply Inclusionary Zoning to the Downtown zones, consistent with C100's priorities **(Case Number 21-23)**. The proposal would have the effect of moving racial equity considerations forward, something that is lacking in OP's proposal. The OAG's text amendment deserves serious consideration. OP indicates that it recommends against "emergency action to adopt" the proposed text amendment. OP further indicates that it plans to analyze the impacts of the proposal and report back to the Commission as part of its set down report. That is an insufficient response: OAG submitted a rulemaking request – and took the unusual step of announcing it to the public – because it wanted to assure a public airing of its views. By attempting to delay public debate, OP shows that it wants to exercise total control of zoning process, which is beyond its role. We ask the Commission to urge OP to move swiftly to analyze the impacts the OAG proposal will have on the production of housing and IZ units in the Downtown Zones. In the meantime, the Zoning Commission should vote to set down Case 21-23.

Concerning OP's proposal, we are surprised by how little planning is reflected in the proposal. The proposal represents a significant shift in priorities, yet there is no discussion of key considerations. We all support a vibrant, livable downtown, but more than just bedrooms is needed. Where is the discussion of the need for services, like schools, parks and social services, to support the new residents? What about essential retail, like grocery stores? These services will not appear automatically; planning is needed.

As a separate and equally serious matter, we question whether OP's proposal will produce more than a negligible amount of housing or if it will proceed beyond tokenism in contributing to a more racially diverse District. We reach this conclusion based on OP's very tentative language: "Such conversions [from office to multi-family use] *could* increase the total supply of housing units in the District, which *could* help alleviate the pressure on housing costs overall." OP Pre-Hearing Report at 3. Our skepticism is fed further by a recently issued OP study that predicts high vacancy rates for office and residential uses, yet also forecasts higher rents for both uses from 2022 forward. See *Assessment of Commercial to Residential Conversions in the District of Columbia (Assessment)* at 9-10. The *Assessment* is embedded

in OP's Pre-Hearing Report at 2.¹ This indicates that any increase in housing supply achieved through conversion will not lead to lower rents that will be naturally affordable to lower income households.

While OP's proposal opens the door for change, it is incomplete. It should be paired with the proposal introduced by the Office of the Attorney General and accompanied by a serious planning effort. C100 would like to work with all involved, including OP, as this proposal advances through the rule-making process.

Sincerely,



Kirby Wining, Chair

Committee of 100 on the Federal City

¹ The Assessment can be accessed at:

https://planning.dc.gov/sites/default/files/dc/sites/op/page_content/attachments/Assessment%20of%20Commercial%20to%20Residential%20Conversions%20in%20the%20District%20of%20Columbia_Q2%202020.pdf.