

GOVERNMENT OF  
THE DISTRICT OF COLUMBIA

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ZONING COMMISSION

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PUBLIC HEARING

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IN THE MATTER OF:      :
                        :
Office of Planning - Text: Case No.
Amendment to Subtitle C -: 21-05
Inclusionary Zoning XL,  :
Phase #2 - Applying     :
Inclusionary Zoning to   :
Conversions of Non-     :
Residential Gross Floor :
Area to Residential Use. :
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MONDAY

JUNE 28, 2021

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The Public Hearing of Case No. 21-05 by the District of Columbia Zoning Commission convened via Videoconference at 4:00 p.m. EDT, Anthony J. Hood, Chairman, presiding.

ZONING COMMISSION MEMBERS PRESENT:

- ANTHONY J. HOOD, Chairperson
- ROBERT MILLER, Vice Chairperson
- PETER SHAPIRO, Commissioner
- PETER G. MAY, Commissioner
- MICHAEL G. TURNBULL, Commissioner

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OFFICE OF ZONING STAFF PRESENT:

SHARON SCHELLIN, Secretary  
PAUL YOUNG, Zoning Data Specialist

OFFICE OF PLANNING STAFF PRESENT:

JONATHAN KIRSCHENBAUM  
JENNIFER STEINGASSER  
ART RODGERS

D.C. OFFICE OF THE ATTORNEY GENERAL PRESENT:

MAXIMILIAN TONDRO, Esquire

The transcript constitutes the minutes from the  
Regular Public Hearing held on June 28, 2021.

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 Case Number 21-05 Office of Planning Text Amendment  
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P-R-O-C-E-E-D-I-N-G-S

(4:00 p.m.)

CHAIRPERSON HOOD: Good afternoon ladies and gentlemen. We are convening broadcasting the public hearing by video conferencing. My name is Anthony Hood. Joining me this evening are Vice Chair Miller, Commissioner Shapiro, Commissioner May and Commissioner Turnbull. We are also joined by the Office of Zoning staff Ms. Sharon Schellin and Mr. Paul Young who will be handling all of our virtual operations. We ask all others to introduce themselves at the appropriate time.

The subject of tonight's hearing is Zoning Commission case No. 21-05, which is a Proposed Text Amendment in IZ XL Phase #2 - Applying Inclusionary Zoning to Conversions of Non-Residential Buildings to Residential Use, and again today's date is June the 28th, 2021. The time now is 4 p.m. Copies of today's virtual public hearing notice are available on the Office of Zoning's website. Please be advised that this proceeding is being recorded by a court reporter and is also webcast live, WebEx and YouTube Live. The video will be available on the Office of Zoning's website after the hearing. Accordingly, all those listening on WebEx or by phone will be muted during the hearing and those who have signed up to participate or (audio interference) please state your name and home address before providing oral testimony or on your presentations. When you are finished speaking, please mute your audio so that your microphone

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2 experience difficulty accessing WebEx or with your telephone call,  
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5 All persons planning to testify either in favor and  
6 opposition or undeclared, we encourage you to sign up in advance  
7 and we will call your name at the appropriate time. If you wish  
8 or filed written testimony or additional supporting documents  
9 during the hearing, then please be prepared to describe and  
10 discuss it at the time of your testimony. The hearing will be  
11 conducted in accordance with provisions of 11-Z DCMR Chapter 5 as  
12 follows; preliminary matters, presentation -- in this case the  
13 Office of Planning. They have up to 60 minutes. I don't know if  
14 they need 60 minutes but I'll leave it up to the Office of  
15 Planning -- report of other government agencies, report of the  
16 ANC, this is citywide, testimony of organizations and individuals.

17 Each will have -- organizations will have five minutes,  
18 individuals will have three minutes respectively and we'll hear in  
19 those -- and we'll hear in this order. Those in support,  
20 opposition and undeclared but the Commission reserves the right to  
21 change the time limits of presentations if necessary and intends  
22 to adhere to the time limits as strictly as possible and no time  
23 shall be ceded. Again, any issues please call our OZ hotline  
24 number 202-727-5471.

25 At this time the Commission will consider any

1 preliminary matters. Does the staff have any preliminary matters?

2 MS. SCHELLIN: No, sir. We do not.

3 CHAIRPERSON HOOD: Okay. So do my colleagues have any  
4 preliminary matters? All right. So -- I don't usually ask that  
5 but I figured I would today -- so let's bring everybody up, Ms.  
6 Schellin. Mr. Kirschenbaum and those who, also we have the Office  
7 of Attorney General. I see Mr. Tondro is on with us as well. So  
8 Mr. Kirschenbaum, whenever you're ready you may begin.

9 MR. KIRSCHENBAUM: Thank you very much, Chair Hood.  
10 Paul, when you get a chance could you bring up the presentation,  
11 please? So again good evening, Chair Hood and members of the  
12 Zoning Commission. I'm Jonathan Kirschenbaum with the Office of  
13 Planning for case 21-05.

14 The Office of Planning recommends approval of these  
15 proposed text amendments to apply the IZ programs to buildings  
16 that convert existing floor area from non-residential to  
17 residential use. The proposal would not be inconsistent with the  
18 comprehensive plan.

19 Next slide, please. Existing non-residential buildings  
20 such as offices or hotels that convert to residential use are  
21 currently exempt from the IZ program if the size of the building  
22 does not increase. Non-residential to residential use conversions  
23 represent an opportunity to create both market rate and affordable  
24 housing units and was analyzed in OP's recently released  
25 "Assessment of Commercial to Residential Conversions in the

1 District of Columbia," and this report we have also uploaded to  
2 the case file at Exhibit 8 and, if anyone's interested in reading  
3 it further. But sort of the key findings from the report show  
4 that opportunities for these sort of conversions are fairly  
5 limited but there is potential in the Rock Creek West planning  
6 area and to a bit of a lesser extent in the near northwestern  
7 upper northeast planning areas. These are areas or hotel and  
8 office demand show, you know, indications of decline and perhaps  
9 not the best use of the land.

10           The assessment found that buildings that are most likely  
11 to support such a conversion to residential use have certain  
12 characteristics such as high vacancy rates, lack of renovation for  
13 many years, pre-existing design that could support such a  
14 conversion or outdated floor configurations that are -- just don't  
15 work for office uses anymore and again, while we do acknowledge  
16 (indiscernible) limited areas and pre-existing conditions to  
17 support conversions on a large scale, these proposed text  
18 amendments will support and enable the creation of additional IZ  
19 units, particularly in areas that you know have a large supply of  
20 affordable housing but you have characteristics for supporting a  
21 conversion.

22           Next slide, please. So the next couple of slides we'd  
23 like to talk about how this would apply and the first point is,  
24 you know, we've heard that there's been a little confusion about  
25 how IZ will apply to conversions so we would like to make sure

1 that we address this clearly. This proposed text amendment  
2 proposes to apply IZ to conversions located only in a zone where  
3 IZ already applies. So these text amendments would not apply any  
4 (audio interference) requirements to conversions located in  
5 downtown zones that are already exempt from the IZ program. So,  
6 again, this IZ would only be applied in the context of a  
7 conversion if that property is located in a zone where the IZ  
8 program already applies.

9           Next slide, please. This proposed text amendment will  
10 apply IZ when there is a change in use from non-residential to  
11 residential that would result in ten or more adjoining units at  
12 the time of the building permit and the proposed text that is in  
13 our public hearing report sort of further clarifies from shutdown  
14 reports that the ten or more unit dwelling unit thresholds can be  
15 a combination of converting existing floor area to residential use  
16 and also new floor area though for residential use. All of the  
17 requirements of the IZ program would apply to a conversion  
18 including the existing size site requirements and the use of bonus  
19 density if applicable.

20           Next slide, please. And so we wanted to provide several  
21 examples to demonstrate how this text amendment would apply to  
22 buildings that are converted to residential use. The first three  
23 examples are fairly straightforward and a little easier for me to  
24 explain and each of the necessary examples uses -- provides  
25 examples of an office building being converted to residential use.

1 We anticipate that the majority of conversions will be reflective  
2 of one of these sort of next three examples. So this is the first  
3 example and it's an existing office building converted to all  
4 residential housing. The building size is retained and it's under  
5 these proposed text amendments IZ will apply to all of the floor  
6 area because it's being converted to residential use.

7 Next slide, please. In this example this is an existing  
8 office building that is partially converted to residential  
9 housing. So the building size is retained. Part of the office  
10 use is retained in the first three floors and then the upper three  
11 floors are converted to residential use. So in this case IZ will  
12 apply to the floor area that is converted to residential use.

13 Next slide, please. And then in this our final example,  
14 the existing office building is converted to all residential  
15 housing and the developer has also added three new floors to the  
16 building. So you can see shaded in blue is the original size of  
17 the building, shaded in white is the new addition and because the  
18 building is going to be a combination of both floor area converted  
19 to residential use and then totally new residential floor area, IZ  
20 applies to the whole building.

21 Now the next two examples I'm going to show you a little  
22 bit more nuanced and they deal with a conversion in the context of  
23 a mixed use building where there's already residential use  
24 provided and the assumption is that the residential use that's  
25 provided was built long ago and doesn't have any IZ requirements.

1           Next slide, please. So in this example, this is an  
2 existing mixed use building that is partially converted to  
3 residential housing. So the building size is retained. The first  
4 four floors have always been residential and that use is going to  
5 stay, and the top two floors were, you know, an office use or some  
6 other sort of non-residential use and that's converted to  
7 residential floor area. So in this example IZ is only going to  
8 apply to the part of the building that is being converted to  
9 residential use. It would not apply to the building that is  
10 residential and has at least been residential because it's  
11 following sort of existing IZ regulations where because the GFA is  
12 the building is not being increased by 50 percent or more, the  
13 existing residential floor area continues to be exempt.

14           Next slide, please, and this is the last example. So  
15 this is another mixed use building and it converts all of the --  
16 and it's converted to residential housing using an IZ bonus  
17 density. So there is the original building and then there's also  
18 a new addition that's built. That new addition is built because  
19 it's utilizing IZ bonus density and in this case IZ applies to the  
20 entire building because, again, using these sort of long  
21 established IZ rules because the building is using an IZ bonus  
22 density that means the IZ applies to the existing residential  
23 floor area that has already existed in the building.

24           Next slide, please. So the (indiscernible) and  
25 comprehensive plan policy is cited in the OP Public Hearing Report

1 work together to support new ways to distribute additional median  
2 (ph.) income housing more equitably across the entire District.  
3 Buildings with the potential to be converted from non-residential  
4 to residential use tend to be located in high cost areas where  
5 affordable housing is often limited and the applicability of IZ to  
6 conversions while, you know, help increases supply of affordable  
7 housing in these areas, and this concludes my presentation. Just  
8 let me know if you have any further questions. Thank you.

9 CHAIRPERSON HOOD: Okay. Thank you, Mr. Kirschenbaum,  
10 for your presentation. Let's see if we have any follow-up  
11 questions or comments. Commissioner May.

12 COMMISSIONER MAY: I do not have any questions.

13 CHAIRPERSON HOOD: Okay. Commissioner Shapiro.

14 COMMISSIONER SHAPIRO: No questions, Mr. Chair.

15 CHAIRPERSON HOOD: Thanks. Commissioner Turnbull.

16 COMMISSIONER TURNBULL: Due to the excellent  
17 presentation I have no questions.

18 CHAIRPERSON HOOD: Okay. And Vice Chair Miller.

19 VICE CHAIR MILLER: Thank you, Mr. Chairman, and I think  
20 there's some landscaping people making noises which are coming  
21 through closed windows and doors, but I apologize for that  
22 background. Thank you, Mr. Kirschenbaum, for your report and  
23 thank you to the Office of Planning team with your partners at  
24 DMPED and DHC for bringing this forward as well as the assessment  
25 report of commercial to residential conversions from last

1 November.

2           You know, all of these are very incremental but I think  
3 important because I think they are progressively cumulative  
4 increases that we can possibly get to increase the supply of  
5 affordable housing in the District and the Inclusionary Zoning  
6 program which this is an expansion of XL phase 2. So it's -- I  
7 think, I don't know if we have any assessment as to how many units  
8 we're going to get from each of these incremental increases and  
9 from the incremental program other than inclusionary zoning to  
10 begin with which is just one program that the District is  
11 employing to address the affordable housing issue in the District  
12 and I appreciate you clarifying that, you know, it doesn't apply  
13 to the zones that are still exempt like the downtown zone.

14           But you're looking at that I know and just can you  
15 confirm that you are looking at the downtown zone which is  
16 currently exempt. We didn't -- we recently took action I think, I  
17 can't remember if it was called IZ expanded or IZ plus, but we  
18 removed the exemption in Georgetown Anacostia historic districts  
19 and Barracks Row historic district. But at that time I think you  
20 said that you would be looking at downtown which has a lot of  
21 economic and other factors being able to get enough density and  
22 just the way the office market works downtown, what -- how much  
23 you can really get out of that, but we don't want to create  
24 disincentives to housing conversions all together by putting more  
25 expense and requirements on it. But can you tell us where you

1 are, where the Office of Planning is in looking at the downtown  
2 zone issue because I think it's important to somehow get that into  
3 the mix of inclusionary zoning with the office market changing and  
4 being what it is.

5 MR. KIRSCHENBAUM: Sure. So yes, we are continuing to,  
6 you know, explore sort of the economics of the downtown and seeing  
7 if there is any way to, you know, apply IZ requirements. But  
8 again, you know, as you mentioned it is -- there's a lot of  
9 economics at play and we don't want to disincentivize general  
10 housing production in our downtown zones and we are exploring, you  
11 know, there's other ways that affordable housing is already  
12 provided in our downtown zones that is, you know, separate and  
13 apart from IZ but it's something that we're continuing to examine  
14 and, you know, hopefully we will be bringing something forward to  
15 the Zoning Commission in the upcoming months that further  
16 discusses sort of the status and the state of how IZ works in the  
17 downtown. I don't know if Jennifer Steingasser wants to add any  
18 additional.

19 MS. STEINGASSER: No, no. Just a little. We are  
20 looking at the downtown. We're looking at all the areas now  
21 citywide as a whole and we've been doing some white paper research  
22 and we'll probably be bringing back to you some white paper  
23 presentations on the different studies before we come back with  
24 any kind of text amendment. We are working with DCBIA and some of  
25 the developers downtown to make sure that we don't unbalance the

1 development. But we will be bringing something back to the  
2 Commission probably in the next few months. Probably not before  
3 the August break though.

4 VICE CHAIR MILLER: Okay. Well thank you for that  
5 response and I appreciate all the efforts that's been put into  
6 looking for opportunities to expand the inclusionary zoning  
7 program and we'll look forward to seeing any future expansions  
8 that don't unbalance the delicate economic market that exists in  
9 our city. So thank you very much for all of your work on that.

10 CHAIRPERSON HOOD: Mr. Kirschenbaum, I too appreciate  
11 all the work that you all have been doing of advancing especially  
12 the affordable housing component here in the city and trying to  
13 achieve that. You and I would like to take it another step  
14 further but I know sometimes you have to crawl before you walk.  
15 But I'm just curious, has some of the -- and I looked to see who  
16 all was going to be participating so far tonight and I didn't see  
17 any ANC Commissioners, I didn't see any residents who may live  
18 down in certain areas. I'm just curious, Mr. Kirschenbaum, has  
19 this been vetted or been discussed with any community groups?

20 MR. KIRSCHENBAUM: We have not, you know, spoken  
21 specifically with certain ANCs about this but it, you know, it's  
22 been properly advertised. I don't know if Ms. Steingasser has  
23 spoken to any additional groups.

24 MS. STEINGASSER: No, sir. We have talked with DCBIA  
25 about this. It has been properly advertised. It's part of an

1 ongoing, you know, IZ expansion (audio interference) so  
2 everybody's aware of it. But I think at this point we have not  
3 met with anyone on this but, you know, we go wherever we're  
4 invited.

5 CHAIRPERSON HOOD: Right. Okay. I understand, and I  
6 know if some of the neighbors that we've heard -- I know that  
7 you've talked to DCBIA, I wasn't saying that. But I was thinking  
8 about some of the ANC groups that actually really pushed the  
9 Zoning Commission to do this and make sure we get affordable, make  
10 sure we do that, make sure -- I was just curious what through  
11 their optics what they thought about this. But I'm sure I believe  
12 of those who are really on -- who really watch our agenda if they  
13 had some issues I believe they would have been here.

14 I'm interested in hearing the undeclared. I'm sure  
15 there's some uncertainty or some questions out there and as Mr.  
16 Kirschenbaum mentioned there may be some confusion as well. But I  
17 think again this is a right step. This is what I think the  
18 citizens and residents and all the stakeholders in the city for  
19 the most part that I know of want to go in this direction, so  
20 we're trying incrementally as the Vice Chair and other  
21 Commissioners have mentioned trying to move in that direction and  
22 trying to get it done so we're exhausting all that's what's in our  
23 realm to try to get these things exhausted or get it done. So  
24 thank you Office of Planning, Mr. Kirschenbaum.

25 Commissioners, any second rounds? Vice Chair Miller.

1           VICE CHAIR MILER: Yes. I don't mean to prolong this,  
2 Mr. Chair. I just had one question for the Office of Planning.  
3 You know, you've indicated in your assessment report on  
4 conversions indicated that the Rock Creek West planning area poses  
5 possibly the most opportunity for conversions that would be --  
6 have inclusionary zoning applied to it and that's also the area in  
7 the Mayor's I believe, I don't know if it was called Housing  
8 Equity Report from, you know, last year or the year before which  
9 said that needed to have a better proportion of new affordable  
10 housing being developed there or I'll say here because that's  
11 where I happen to be located at the moment.

12           I'm just wondering, you know, there are sites that have  
13 been discussed in the public, this is maybe beyond this case, but  
14 I think the public would be interested -- I'm interested -- in  
15 knowing, you know, that there are sites where conversions may be  
16 happening on their own or through some prodding of the District  
17 government, big sites, the Marriott Wardman Hotel site, the Lord &  
18 Taylor and Mazza Gallerie retail sites. I'm just if maybe getting  
19 back at least without saying, well, you can say whatever you can  
20 provide or whatever kind of status report on what the District  
21 government might be doing to assist in incentivizing affordable  
22 housing there whether it's through the IZ program or through some  
23 other massive probably, it would have to be massive investment  
24 because these are expensive properties but not only to purchase  
25 but to then operate affordable housing, maintain affordable

1 housing for years. But how would this case affect say those three  
2 Rock Creek planning west sites, Marriott Wardman -- Wardman Park  
3 Marriott Hotel site, if that's what it was called, in Woodley Park  
4 and the in Friendship Heights, the Lord & Taylor, the abandoned  
5 basically Lord & Taylor and Mazza Gallerie sites, all of which  
6 have been up for sale and may have been sold recently or about to  
7 be sold. If you can just comment briefly on that I think the  
8 public and I would appreciate knowing more -- a little bit more  
9 about that. That's for Ms. Steingasser or Mr. Kirschenbaum.

10 MS. STEINBGASSER: Mr. Art Rodgers is with us who's our  
11 OP housing specialist. This provision would apply to those  
12 properties if they were to convert from their current form, you  
13 know, if they were just to convert. We don't really know what the  
14 permanent plans are going to be for those three sites. They're  
15 huge and they're going to have a big impact but whether they will,  
16 you know, convert in their current form, have addition, be  
17 reconstructed, we just don't know. Art, you want to?

18 MR. RODGERS: I was just going to add that in addition  
19 to this effort the District also has a tax abatement program for  
20 high cost areas and certainly the idea is that we need to bring  
21 multiple tools together and I think that's one thing that the  
22 District is looking at is how these tools can interact to make it  
23 work.

24 VICE CHAIR MILLER: Oh, I appreciate that response and  
25 even though it could be expensive in terms. So I didn't know, I

1 | guess I forgot about the high cost abatement program. That's in  
2 | existence right now?

3 | MR. RODGERS: It is. It's a law and the proposed rules  
4 | have been -- were issued and there was public comment taken and I  
5 | believe DHCD is now reviewing the public comments as part of the  
6 | process to make them final.

7 | VICE CHAIR MILLER: Is it funded at all?

8 | MR. RODGERS: I believe it is -- it does not take effect  
9 | until FYI 2024 and so it is not included in this upcoming year's  
10 | budget.

11 | VICE CHAIR MILLER: Okay. Thank you. I apologize, Mr.  
12 | Chairman, for veering off the case a little bit but it's on the  
13 | subject of conversions in a high opportunity area that's been  
14 | identified both in the conversion report and in the Mayor's  
15 | Housing Equity Report as high opportunity for affordable housing.  
16 | So I guess -- I hope we don't lose that opportunity. I hope we do  
17 | everything we can and I trust that you are doing everything you  
18 | can to use all the tools that can be used within affordability of  
19 | the government to make that happen. So thank you for your  
20 | response. Thank you, Mr. Chairman.

21 | CHAIRPERSON HOOD: Sure. Commissioner Shapiro, you have  
22 | a question or comment?

23 | COMMISSIONER SHAPIRO: I do. Just a brief one, Mr.  
24 | Chair. Ms. Steingasser or Mr. Rodgers, or Mr. Kirschenbaum, what  
25 | -- Vice Chair Miller just triggered something in me. What

1 percentage of the building envelop needs to be retained in its  
2 current form for this to apply?

3 MR. KIRSCHENBAUM: I can take that question. It deemed  
4 (ph.) that when you don't change the building envelop at all. You  
5 know, if you don't --

6 COMMISSIONER SHAPIRO: Okay.

7 MR. KIRSCHENBAUM: -- (audio interference) the building  
8 then it wouldn't be a conversion so it's (indiscernible) --

9 COMMISSIONER SHAPIRO: Yes. But, you know, there's  
10 something in between and I don't know if you've figured out or if  
11 there's I'm not sure how (indiscernible) --

12 MR. KIRSCHENBAUM: It's -- the way the text amendment's  
13 written it applies to floor area that's converted and also new  
14 floor area that's created. So it could be a -- it applies when  
15 it's a combination of both, it can apply if it's a combination of  
16 both of those things.

17 COMMISSIONER SHAPIRO: I'm just trying to get my head  
18 around the, you know, the massing doesn't change but it's  
19 rescanned or, you know, the nuances of building envelop being  
20 retained this can be not black or white.

21 MR. KIRSCHENBAUM: Sure. You know, simply put it's  
22 based on the existing gross floor area that would be deemed to be,  
23 you know, existing and new floor area, you know, for residential  
24 use that's created. So whatever --

25 COMMISSIONER SHAPRIO: Okay.

1 MR. KIRSCHENBAUM: -- rules that govern in one existing  
2 floor area stays versus not stays would apply in this case.

3 COMMISSIONER SHAPIRO: Right. Thank you. Thank you,  
4 Mr. Chair.

5 CHAIRPERSON HOOD: Thank you. Any follow-up questions,  
6 Commissioners? Okay. Let's keep moving. Reports of other  
7 government agencies. The only report that I saw was there were  
8 BOEE said they weren't going to make any comments. I believe I  
9 have that -- hopefully I have that captured correctly. Any other  
10 reports, colleagues or anyone that I may have missed? Okay. The  
11 report of the ANC, we don't have anyone I don't think. Ms.  
12 Schellin, from ANC? We don't have any reports. I didn't see any.

13 So what I will do is go by the list that's been sent to  
14 me and I'm just going to, and I'm just going to call. How many  
15 can we bring up at a time? Can we bring up six or four?

16 MS. SCHELLIN: Whatever you want.

17 CHAIRPERSON HOOD: I'd like to bring up all 12 but I'm  
18 sure we'll cause a problem. Let's just do -- let's do four at a  
19 time. Can you give me a second? First name I'm calling, and I  
20 think basically everyone I believe is undeclared. We do have a  
21 question I think of -- for Mr. Widdicombe. Am I correct, Ms.  
22 Schellin? Mr. Widdicombe is not --

23 MS. SCHELLIN: He signed up as an opponent. I'm not  
24 sure, I mean he may be an opponent. I was thinking --

25 CHAIRPERSON HOOD: Okay.

1 MS. SCHELLIN: -- he might be undeclared but he did sign  
2 up as an opponent. So he'll need to clarify that.

3 CHAIRPERSON HOOD: Okay. So why don't we do this? Why  
4 don't everyone come up. I'm going to call your names. If you can  
5 give us your name and the organization and where you are as far as  
6 support, opposition, or undeclared. Let's bring up Mr. Gerry  
7 Widdicombe, Alison Prince, Lisa Mallory and Scott Ogden, and if I  
8 messed up anybody's name, I apologize in advance.

9 MR. YOUNG: I don't see the last name you mentioned on.

10 CHAIRPERSON HOOD: Okay. So O-G-D-E-N Scott.

11 MR. YOUNG: I see a John Ogden.

12 CHAIRPERSON HOOD: Yes, well bring him up. It may be  
13 him then. If it's O-G-D-E-N. Okay. Mr. Gerry Widdicombe. Let's  
14 begin with you.

15 MR. WIDDICOMBE: Okay. Can you all hear me?

16 CHAIRPERSON HOOD: Yes, we can.

17 MR. WIDDICOMBE: Thank you, thank you. Chairman Hood,  
18 Zoning Commissioners and staff. Thank you for the opportunity to  
19 testify today. My name is Gerry Widdicombe. I'm the director of  
20 Economic Development for the Downtown Business Improvement  
21 District who I'm testifying for today.

22 I've served in this role since the Fall of 2020. Does  
23 everybody remember Y2K? It's a long time ago. Prior to that I  
24 worked for the DC's government's Office of the Deputy Mayor for  
25 Planning and Economic Development and the Office of the Chief

1 Financial Officer. In all those roles creating a living downtown  
2 with more housing was an important goal. Downtown DC BID is one  
3 of the city's 11 business improvement districts. Our boundaries  
4 are roughly from 16th Street, Northwest on the west, Massachusetts  
5 Avenue, Northwest on the north including the Walter Reed  
6 Washington Convention Center, Louisiana Avenue, Northeast on the  
7 east, basically Union Station and Constitution Avenue on the  
8 south. Most of the BID area is a D zone and in my written  
9 testimony we'll have a map for you all to look at.

10 The Downtown BID is a significant economic and fiscal  
11 contributor to the well being of the District of Columbia. But  
12 the Downtown BID is just one square over 1.6 percent of DC's land.  
13 Downtown BID is home to 24 percent of DC's pre-pandemic jobs, 33  
14 percent of DC's hotel rooms, 18 percent of pre-pandemic restaurant  
15 sales, but only 2 percent of DC's residential units. In fiscal  
16 2020 the Downtown BID had a net fiscal impact revenue and its  
17 expenses of \$750 million and it was 881 million in 2019, so we  
18 feel we are significant contributors to many of the DC programs  
19 including its affordable housing programs.

20 The Downtown DC BID strongly supports the city's goals  
21 of increasing the supply of affordable housing and all income  
22 levels according to Mayor Bowser's current goal of 36,000 new  
23 units by 2025 of which 12,000 are to be affordable. We look  
24 forward to working with the city to establish the next set of  
25 housing goals now if the comprehensive plan 2041 ends up being

1 approved. The BID is encouraged by recent comments by the Zoning  
2 Commission and the Office of Planning but much care is needed in  
3 the consideration of applying IZ XL to the D zone. Because of the  
4 significant impact of what I call the IZ XL deliberation overhang  
5 on the office for residential conversion market, the Downtown BID  
6 would strongly recommend to the Zoning Commission that it is in  
7 the best interest of DC residents and businesses to rule this  
8 evening that IZ XL zone will not apply to D zones for at least  
9 five years in order to allow currently contemplated conversions to  
10 go forward to supply much needed housing in downtown and grow the  
11 city's tax base which will allow for additional funding of the  
12 Housing Production Trust Fund and other affordable housing  
13 programs.

14           The Downtown DC BID does not support the expansion of  
15 inclusionary zoning to all building conversions, the subject of  
16 today's hearing, or to the D zones without compensation because we  
17 don't think it's articulated it's in the best interest of  
18 residents and businesses of DC. The Zoning Commission's current  
19 deliberations are hampering the city's recovery from economic  
20 decline caused by the Covid 19 pandemic and the current  
21 deliberations will delay the recovery of the city's office market  
22 and potentially cause further decline to office building  
23 assessment which in turn will cause further declines in office  
24 building property tax revenues which currently help support the  
25 funding of housing production trust fund and other housing

1 programs.

2 Let me just go into real quick detail here of the  
3 reasons IZ XL is inconsistent with the DC original concept of IZ.

4 Extra density is provided in most cases to compensate for the  
5 lost revenue of IZ units compared to market rate units. When a  
6 government entity like the Zoning Commission or someone else  
7 changes the rules, investors and developers will add an additional  
8 risk premium for doing business in that jurisdiction or avoid it  
9 all together. There are still prominent multi-family developers  
10 that will not build in DC due to TOPA.

11 Second, the loss of revenue from IZ XL without  
12 compensation may result in Takings law suits that will further  
13 cloud the District's development reputation. Let me get into the  
14 economics of that. The loss of revenue in a 250 unit conversion  
15 say, of a 250 square foot office building can range from 5.5 to  
16 7.9 million. This is real money and thus increasing the  
17 likelihood of a Takings lawsuit. Four, the IZ XL deliberation  
18 overhang is currently holding up 500 to 900 units in D zone  
19 conversions and another 600 to 1,500 units of ground up  
20 construction, thus depriving the city of many housing units and  
21 millions of dollars in tax revenues.

22 The current office market is very weak and we'll be  
23 sending in statistics on that in our written testimony. In the  
24 February, 2021 revenue estimate, the Chief Financial Officer said  
25 that they reduced the large office building assessment by 9.7

1 percent as to 1/1/21. That is \$121 million reduction in the  
2 fiscal of 2022 revenue. Please note that JBT and Boston  
3 Properties stocks are down 15 to 20 percent from February, 2020 so  
4 there is possibly more room to go here. We have 22 million square  
5 feet of vacant office space in the District of Columbia. It's  
6 likely to move to about 25 million when the current pipeline of  
7 2.7 million is completed.

8           There are alternatives to IZ XL phases 2 and 3. Make IZ  
9 XL phases 2 and 3 contingent on the city providing compensation  
10 for affordable housing units and we are working with DMPED and  
11 Councilmember Pinto on a tax abatement program similar to the  
12 previously mentioned Middle Income Housing for High Opportunity  
13 areas and we hope to have something included in the Mayor's  
14 budget, and that would be basically looking at supplying workforce  
15 housing 80 percent of AMI at some percentage level. We're still  
16 working that out in negotiations with DMPED and various property  
17 owners. So we look forward to being able to present that.

18           Another alternative is simply to phase this in over  
19 seven to ten years to allow the market to adjust to the IZ XL  
20 requirement which is significant to allow it to adjust to a post-  
21 Covid office demand world and allow (indiscernible) --

22           CHAIRPERSON HOOD: Mr. Widdicombe, Mr. Widdicombe, Mr.  
23 Widdicombe. Let me ask a question. I ask, yes, I know. You've  
24 probably got about two more sentences but I let you go way over  
25 and I -- and let me just say this to everybody. I did that on

1 purpose because there wasn't that many people who was signed up I  
2 believe, so if there's any questions that's why I did that. So,  
3 Mr. Widdicombe, give us the last few sentences.

4 MR. WIDDICOMBE: No, thank you very much. Thank you  
5 much, very much, sir. I was two sentences from the end (audio  
6 interference) finish, so. So I wanted to thank you for the  
7 opportunity to testify.

8 CHAIRPERSON HOOD: Okay. Thank you. And if we can  
9 hold, Mr. Widdicombe, because we may have some follow-up  
10 questions. I think Ms. Prince was next.

11 MS. PRINCE: Can you see me and hear me?

12 CHAIRPERSON HOOD: We can see you and we can hear you,  
13 yes.

14 MS. PRINCE: Excellent. Okay. Good evening everyone.  
15 I'll be very brief. Thank you for an opportunity to speak  
16 tonight. At the outset, I just want to acknowledge OP's efforts  
17 in doing such a deep dive into this whole issue. Their reports  
18 are very sophisticated and thoughtful and in-depth. They really  
19 have looked at all the issues that we've looked at in considering  
20 this and we're really here tonight so you can hear from some  
21 property owners about specific conversion experiences. One of  
22 them is -- one of the property owners is having internet issues  
23 and we may miss her, in which case I'll submit her testimony for  
24 the record. The other is Gary Cohen who will be speaking but we  
25 think it's important to hear their experiences.

1           We know that you're looking at other tools as well, that  
2 you're aware of other tools as well, tools that are outside of the  
3 Zoning Commission's area such as abatements. I think that's  
4 important. I did want you to be aware. My firm, I've been  
5 involved in some of the sites that you've discussed as potential  
6 new large development sites and in all cases, you know, we meet  
7 with Office of Planning early on with prospective purchasers and  
8 ultimate purchasers. The Office of Planning, they just couldn't  
9 be more clear in their mission to make sure that any of these  
10 sites generates affordable housing. They don't give any kind of  
11 mixed message on this.

12           So I'm very confident that purchasers of these sites are  
13 aware that this is an absolute priority and so I don't think  
14 you're going to see examples of efforts to work around rules or  
15 get tricky, or I know Commissioner Shapiro asked about, you know,  
16 unbounded façade retention. The instructions that OP has given  
17 about expectations for affordable housing are very clear. So  
18 whether we will absolutely apply IZ conversions outside of the D  
19 zones, while it's an open issue I think many of these sites are  
20 large enough developments that they would be triggering IZ  
21 inevitably anyway under the existing regulations.

22           So I just want you to be comfortable with it. I don't  
23 think there's going to be a huge lost opportunity in that regard,  
24 particularly with the clear and thoughtful guidance from OP on  
25 that issue. So that's really all I have to say and I think

1 | there's a whole more bunch of people lined up tonight.

2 |           CHAIRPERSON HOOD: Okay. Thank you, Ms. Prince. Let's  
3 | go to Ms. Mallory.

4 |           MS. MALLORY: Okay. How's my audio there? Can you hear  
5 | me?

6 |           CHAIRPERSON HOOD: You're good. Thank you.

7 |           MS. MALLORY: Thank you so much. Good afternoon  
8 | Chairperson Hood, members of the Zoning Commission and staff. My  
9 | name is Lisa Mallory and I'm the CEO of the District of Columbia  
10 | Building Industry Association. We are members of the community.  
11 | I'm also a long time resident of the city and as the leading voice  
12 | of real estate development in DC, our members are deeply committed  
13 | to meeting the District's need for affordable housing and we fully  
14 | support the development of affordable housing.

15 |           We appreciate the phased deliberative approach of the  
16 | Office of Planning and the Commission -- that the Commission are  
17 | taking with regard to IZ XL. There's no disputing that the city  
18 | needs more affordable housing and more housing. As the industry  
19 | that the District relies on to meet the demand from current and  
20 | future residents, we view ourselves as essential partners with the  
21 | District government when it comes to addressing the housing  
22 | challenge and as builders we stand ready to rise to the challenge.

23 | We believe continuing to work together we can meet this  
24 | challenge.

25 |           We have submitted a letter for the record today that

1 outlines our testimony regarding the proposal to apply IZ to non-  
2 residential conversions. We also have several DCBIA owner  
3 representatives and BID representatives who will provide their  
4 individual testimony.

5 Finally, DCBIA members Jeff Utz, David Avitable of  
6 Goulston & Storrs, Shane Dettman of Holland & Knight and Liz  
7 DeBarros of DCBIA are available for questions later on. This team  
8 has been studying the proposal and working with our membership to  
9 provide you with our real estate development experience and expert  
10 testimony.

11 Tonight you'll hear that our collective testimony  
12 centers on four main points. First, IZ was created in 2006-2008  
13 to incentivize production of affordable housing. However, in the  
14 case of IZ XL phase 2, converting a non-residential building to a  
15 residential use and staying within the same envelope, there is no  
16 density gained nor often available to offset the cost of  
17 affordable units. This inability to achieve additional bonus  
18 density disrupts the delicate balance that was carefully  
19 considered when IZ was created.

20 Second, our main question to consider is what will the  
21 impact of IZ XL phase 2 on the production of new units, what will  
22 be the impact? Simply put, our analysis shows that it is likely  
23 that new production will slow as a result of IZ XL phase 2. It is  
24 also likely that the creation of new units from converted non-  
25 residential space will cease entirely.

1           Third, although non-residential to residential  
2 conversion viewed by some as an obvious solution to create  
3 affordable housing, they are uncommon due to the high levels of  
4 costs and alternatives available to owners. It is already a  
5 difficult cost undertaking even without an IZ requirement. Said  
6 another way, non-residential to residential conversions are not  
7 supported by financial data, particularly when an affordable  
8 housing requirement is added to the cost of a residential  
9 conversion project. This is the case for both existing office and  
10 hotel uses. The option to keep an asset in place, whether it is  
11 an office or lodging versus converting to a project with a  
12 significantly inferior return is real and often required by  
13 lenders. As a result, providing affordable housing as a non-  
14 residential conversion context simply does not work without  
15 significant financial assistance whether that is in the form of  
16 tax abatements or whether supportive concepts.

17           Lastly, our final concern is that the impact it will  
18 have on projects that are already underway whether they are  
19 currently being designed or already in the permitting stages.  
20 DCBIA strongly recommends a vesting period of at least three  
21 years. Such period aligns with OP's publication "Assessment of  
22 Commercial to Residential Conversions" in the District of Columbia  
23 which notes that it is expected that a three year period will be  
24 required for the commercial market to recover to pre-pandemic  
25 levels. The timeframe would allow for more adjustment to the

1 significant cost impact of phase 2 amendments. We also note that  
2 there is concern from some owners about such a term, that it's not  
3 sufficiently long.

4 In summary, we request that the current requirements for  
5 applying IZ set aside to non-residential to residential  
6 conversions are maintained. This applies regular IZ set aside  
7 requirements to existing TFA if the building is expanded by 50  
8 percent or more or uses IZ bonus density. Should the Commission  
9 ultimately decide to move forward with applying IZ to straight  
10 conversion projects, we recommend consideration of a special set  
11 aside that is below regular IZ requirements in light of the unique  
12 circumstances that make conversion projects more costly and  
13 riskier than new ground up developments.

14 We would appreciate the opportunity to study these  
15 concepts and alternatives discussed tonight in more detail with OP  
16 before the Commission takes action. Other DCBIA and individual  
17 partners today will be providing more in-depth data, information  
18 and potential solutions on these four points.

19 Thank you for the opportunity to testify. We look  
20 forward to continuing our work with you and the Office of Planning  
21 to ensure that changes being proposed to IZ meet their intended  
22 goal to expand affordable housing in the District of Columbia.  
23 Jeff, Shane, Liz and David are available for questions. Thank you  
24 very much.

25 CHAIRPERSON HOOD: Thank you, Ms. Mallory. Let's see,

1 Mr. John Ogden.

2 (Pause.)

3 CHAIRPERSON HOOD: Scott Ogden. Mr. Ogden, can you hear  
4 me?

5 (Pause.)

6 MS. SCHELLIN: He's still on mute.

7 CHAIRPERSON HOOD: Yes, I see. That's why I was giving  
8 him a moment. Maybe he's trying to find the mute button. So we  
9 will, Mr. Young, let's hold Mr. Ogden up here but we can see --  
10 let me keep continuing and see if my colleagues have any questions  
11 or comments. Commissioner -- let me ask this though? Do we have  
12 everybody -- a copy of everyone's testimony? Okay. I was  
13 wondering because I didn't see it. I think that would be helpful  
14 if you would give us copy of your testimony so we can put it in  
15 the record. Okay. Commissioner May, you have any questions or  
16 comments?

17 COMMISSIONER MAY: No, I don't. Thank you.

18 CHAIRPERSON HOOD: Commissioner Shapiro.

19 COMMISSIONER SHAPIRO: Yes, just a brief question for  
20 Ms. Mallory. So my read on the OP report is that they're saying  
21 that the market really isn't there for these kinds of conversions  
22 except for in some select areas in DC, especially Rock Creek West.

23 I'm not sure if I'm hearing that same message from you or not.  
24 It's just (indiscernible) --

25 MS. MALLORY: (Indiscernible) message but I, you know,

1 as I mentioned before I have my colleagues who are waiting who  
2 have been diving into this for the past couple of years that will  
3 be able to provide more detail and examples.

4 COMMISSIONER SHAPIRO: Okay. Great. I'll wait then.  
5 Thank you, Mr. Chair.

6 MS. MALLORY: Thank you.

7 CHAIRPERSON HOOD: Commissioner Turnbull.

8 COMMISSIONER TURNBULL: Mr. Chair, I only had I guess  
9 one question for Mr. Widdicombe. He seemed to mention -- he went  
10 into 80 percent AMI. Is that your idea of affordable housing, Mr.  
11 Widdicombe?

12 MR. WIDDICOMBE: It's middle income housing, it's not  
13 what IZ is. IZ is 60 percent. We recognize that. But the middle  
14 income housing, the high opportunity areas are set at 80 percent  
15 and 80 percent of AMI downtown was deeply affordable but the  
16 average rent is more like 150 to 160 percent of AMI. So it would  
17 allow many workers to live right by their workplace who are  
18 currently forced by pricing to be outside of the District. So  
19 there are some ways of looking at it as deeply affordable, but it  
20 is 80 percent of AMI.

21 COMMISSIONER TURNBULL: I don't agree with you but thank  
22 you for your comments.

23 CHAIRPERSON HOOD: Okay. Vice Chair Miller.

24 VICE CHAIR MILLER: Thank you, Mr. Chairman. I have no  
25 questions. I thank each of you for your testimony and I look

1 forward to reviewing more carefully the written version of the  
2 testimony. Thank you.

3 CHAIRPERSON HOOD: Okay. Thank you. I too, again, want  
4 to make sure we get the copies of your testimony but I want to ask  
5 this question. Mr. Widdicombe, were you in opposition or are you  
6 undeclared? You're on mute. Mr. Widdicombe, you're on mute.

7 MR. WIDDICOMBE: The Downtown Bid would like to return  
8 to the original concept of IZ in the District of Columbia which is  
9 that there is compensation applied either through density, through  
10 tax abatements, through use of Federal ARCO funds somehow to pay  
11 for the fact that you no longer -- when you look at the numbers  
12 and I gave a five to seven million, you're talking about no longer  
13 accepting market rate rents for, say, a one bedroom of 2,500 to  
14 3,000 units, instead accepting 1,360 and that money get monetized  
15 and what happens is an office building is sitting there saying  
16 what should I do with my empty office building? Should I try to  
17 do an office or should I try to do residential? There are lot of  
18 unknowns in conversions so you have to have a higher contingency  
19 because you don't know what's going to happen when you open the  
20 walls and then your (audio interference) is being taken away from  
21 you.

22 So if an office building person decides that the office  
23 market's been recovered and they're wrong and the person who loses  
24 the most is the District of Columbia because that building sits  
25 there at \$160 a square foot and generates very little in property

1 taxes, whereas if it were converted it would be at a higher  
2 property tax rate, some of which or all which would be abated but  
3 it would also bring in income and sales tax from the new  
4 residents.

5 CHAIRPERSON HOOD: So Mr. Widdicombe --

6 MR. WIDDICOMBE: (Indiscernible.)

7 CHAIRPERSON HOOD: That's my original question and that  
8 was a long way to tell me that you're in opposition.

9 MR. WIDDICOMBE: That's correct.

10 CHAIRPERSON HOOD: You're in opposition. Okay. Okay.  
11 That's all I wanted to know and that's why I want your testimony  
12 because I did hear and I can hear you -- I think I heard you  
13 mention and that's why I don't want to put words in your mouth.  
14 But I heard you mention about the Zoning Commission's discussion  
15 is -- basically, these are my words. In other words I captured  
16 that as we're doing harm and that's not our goal so I want to --  
17 that's why I want a copy of your testimony so I can so I can read  
18 it. Okay.

19 Ms. Prince, it sounded to me like you were in support of  
20 this and the reason I'm asking this question because at first I  
21 was told early on that everybody was undeclared. But it sounds  
22 like your testimony was you're cautious but I'm in support of the  
23 direction of support that we're moving in. Is that -- I'm not  
24 trying to put words in your mouth, I'm just trying to get an  
25 understanding of where people are. You're on mute, you're on

1 | mute.

2 |           MS. PRINCE: Sorry. I'm undeclared. I'm not in support  
3 | but I wanted to recognize and commend the deep dive that OP has  
4 | done on this and we want to work --

5 |           CHAIRPERSON HOOD: Okay.

6 |           MS. PRINCE: -- with them and cooperate. So to the  
7 | extent that any ideas originate from this hearing, we'll be full  
8 | partners with OP in cooperating. But, you know, I share the  
9 | comments that have been made by Mr. Widdicombe and will be made by  
10 | others. It's a really important issue to consider carefully and  
11 | we just really wanted you to have as much information as possible.

12 | We don't want to be obstructionist but we wanted you to have as  
13 | much information as possible.

14 |           CHAIRPERSON HOOD: But thank you. That was the nicest  
15 | undeclared testimony I've ever heard. I just want you to know  
16 | that because it sounded to me like it was in support. So but I  
17 | get you, thank you. And Ms. Mallory, can I -- you want me to ask  
18 | you or do I ask the panel?

19 |           MS. MALLORY: I mean I think you, you know, similar to  
20 | what Ms. Prince just mentioned, we are supportive of what the  
21 | Office of Planning is doing and all their deliberative process  
22 | which has been including us in that process and so we, you know, I  
23 | would have the same sentiment that she has as well. But I --

24 |           CHAIRPERSON HOOD: I'll say the same --

25 |           MS. MALLORY: -- (indiscernible.)

1 CHAIRPERSON HOOD: Okay. I'll say the same to you.  
2 That is the nicest undeclared testimony I've heard. I've been  
3 around a while, so thank you. I don't know, did we get Mr. Ogden?  
4 So let's leave him up here. He may be having some technical  
5 problems. Any other questions colleagues, of this panel? So  
6 thank you all very much. We really appreciate you being engaged  
7 and we're glad the Office of Planning has engaged you to help us  
8 come up with a better outcome. So thank you.

9 MR. WIDDICOMBE: Thank you.

10 CHAIRPERSON HOOD: Okay. Next, one second. Okay. Next  
11 we have Dennis Duffy, Rick Ammirato, Shane Dettman and Jeff Utz.  
12 Well, I don't know -- I mean Mr. Young, I don't know if we could  
13 get in touch with Mr. Ogden. I don't want to -- if he's having  
14 technical problems I don't want to miss his testimony. Okay. So  
15 we will start off with Dennis Duffy.

16 MR. DUFFY: Well, good afternoon, Mr. Chairman, members  
17 of the Commission. Thank you for your time today. I'm here on  
18 behalf of DCBIA and my testimony will deal with a couple of very  
19 quick things. First, as an appraiser, I've been an appraiser in  
20 D.C. for commercial real estate for 35 years and my comments here  
21 are to deal with the financial feasibility issue as it relates to  
22 affordable housing in the IZ requirement.

23 My recommendation is twofold. One is we need to look at  
24 this as an industry on a wholistic basis. It's been mentioned by  
25 a couple of the Commissioners and some of the presenters so far.

1 One of the ways to do IZ financial structuring so that the housing  
2 units are in fact developed is to provide subsidies and they can  
3 take any number of forms. Any number of jurisdictions around the  
4 country have IZ requirements or the equivalent thereof and a lot  
5 of them deal with it through tax abatements. One of the things  
6 that I would recommend the Commission consider is land only base  
7 assessments during the conversion process. The conversion process  
8 is very expensive. Each building is going to be different. Costs  
9 are going to be different. It's hard to define what those costs  
10 are until you really get actively engaged in construction. So  
11 that's the first thing. We should start with as low an assessment  
12 process because the District needs taxes and at the same time the  
13 private sector to develop the housing in the first place requires  
14 some degree of subsidy to do this.

15           The other thing is on the lending side. The lending  
16 side is difficult during the conversion process because all the  
17 rules change. We need to be -- the rules whatever they might be,  
18 a year from now, six months from now, two years from now -- they  
19 need to be simple, clear, quantifiable and specific and at the  
20 same time flexible. My point there is they should be -- there  
21 should be narrow boundaries on each of the requirements that the  
22 city requires so that a lender can underwrite the project. Any  
23 time a lender gets uncertainty it adds to their cost and it adds  
24 to the development cost which in fact reduces delivery of units,  
25 whether they're market units or affordable units.

1           And then the other thing I think we should talk about  
2 here, let me go back to that technical thing one more time. The  
3 other thing to consider is the more onerous the requirement is,  
4 the higher the cap rate is and the lower the value is and the  
5 reason for that is the private sector underwrites additional  
6 uncertain risk with a higher cap rate which penalizes the value of  
7 the property and therefore the feasibility. So we need to work as  
8 a team to make sure that all the numbers are clear, all the rules  
9 are simple to follow and go from there.

10           And then the last thing I would say, getting back to the  
11 wholistic concept here, I think we're focusing too much on the  
12 past. I think this is an economic development tool. This needs  
13 to be done. It needs to be done and it needs to be publicized  
14 that the District has a forward looking plan to create affordable  
15 housing. The way I would say it differently is in the past people  
16 have followed jobs. In the future will people follow jobs as they  
17 have in the past? Post-Covid 19 it seems to me jobs will follow  
18 people and we need to provide -- to support the District we need  
19 to provide affordable housing so that jobs come back to the city,  
20 support the city and support the culture thereof. Thank you for  
21 your time.

22           CHAIRPERSON HOOD: Thank you. I appreciate your  
23 testimony, all typed. I know I have a question for you. Let me  
24 see, who did I call next? I think I called Mr. Utz next and then  
25 Mr. Dettman in that order.

1 MR. UTZ: Good afternoon and thank you for having us as  
2 a part of tonight's hearing. I'm Jeff Utz with Goulston & Storrs.  
3 Our plan tonight was just to kind of offer a panel concept where  
4 Shane Dettman and David Avitable - Avitable sorry, Dave who I work  
5 with -- and Liz DeBarros assist in any questions that might come  
6 up for the actual panelists that are providing testimony for DCBIA  
7 and the members. So, you know, it's a little bit of a different  
8 concept and doesn't quite work with the four up, four down concept  
9 but we're happy to answer any questions that might have come up  
10 with DCBIA's testimony or otherwise.

11 CHAIRPERSON HOOD: So let's do this, Mr. Utz. The  
12 Zoning Commission's very accommodating. You tell me how you all  
13 want to do it. You want you, Shane Dettman and who else?

14 MR. UTZ: It's Dave Avitable who's on later in the queue  
15 and then --

16 CHAIRPERSON HOOD: Okay.

17 MR. UTZ: -- Liz DeBarros but --

18 CHAIRPERSON HOOD: Let's bring those two up, Mr. Young.  
19 Let's bring up Mr. Avitable and Ms. DeBarros up.

20 MR. UTZ: And Shane Dettman.

21 CHAIRPERSON HOOD: Shane's already up. Shane Dettman,  
22 sorry. Mr. Ogden, we're going to keep working on Mr. Ogden and  
23 hopefully we'll get him before we close. So, Mr. Utz, I'm going  
24 to turn it back over to you and you can do whatever you all plan  
25 to do with the panel.

1 MR. UTZ: Yes. So it was, this group of folks is just  
2 assembled to try to help if any technical questions came up,  
3 primarily with Lisa Mallory's testimony from DCBIA, if there were  
4 any questions associated with that we're happy to answer those or  
5 provide any other data. I think I do want to echo some of the  
6 comments made in some of the earlier testimony that we appreciated  
7 the efforts from the Office of Planning in the concept overall and  
8 we look forward to continuing to wade through how we can figure  
9 out ways to deliver more affordable housing in the District and  
10 we're available to continue to provide the expertise of the real  
11 estate industry as this effort goes on.

12 CHAIRPERSON HOOD: Okay. So I get it now. The four  
13 that you mentioned on your panel, we will see if we have  
14 questions. I know Commissioner Shapiro has a question but if you  
15 can hold that in the queue for a second I missed Rick Ammirato,  
16 hopefully I pronounced that -- I know I got that wrong. I missed  
17 him.

18 MR. AMMIRATO: No, you did a good job.

19 CHAIRPERSON HOOD: I did? Did a good job with your  
20 name?

21 MR. AMMIRATO: Yes, sir.

22 CHAIRPERSON HOOD: Oh, man. I'm batting a thousand  
23 tonight. Tell you what, you may begin with your testimony.

24 MR. AMMIRATO: Thank you. Good afternoon, Chairman  
25 Hood, and members of the Commission. My name is Rick Ammirato,

1 I'm the executive director of the DCBID council which is comprised  
2 of all 11 BIDs in the District of Columbia and I appreciate the  
3 opportunity to give testimony today regarding IZ XL phase 2.

4 I'd like to begin by thanking you for service to the  
5 District. The work you do here has a profound effect on almost  
6 all aspects of our life in our city and I say this because zoning  
7 laws, regulations and the framework they create are incredibly  
8 powerful tools to meet the goals set by our elected officials and  
9 our citizens. The concepts of IZ XL phase 2 of the goals are  
10 creation of affordable housing and non-residential to residential  
11 conversions. This is a goal that the members of the DCBID Council  
12 support.

13 Before I discuss phase 2 directly I do want to take a  
14 step back and talk about the reasoning behind the creation of  
15 inclusionary zoning or that sort of framework. But it's simply  
16 the cost of building multiple unit residential housing is very  
17 expensive and can take a very long time and can be very risky,  
18 consequently the banks and the equity firms that finance the  
19 projects look to mitigate risks and maximize return on their  
20 investment. In some cases without tax credits or other incentives  
21 there may be no ROI affordable housing budget, hence there's a  
22 significant market incentive to invest in market grade housing.  
23 The IZ framework was created to incentivize the private sector to  
24 invest in affordable housing units in their projects in return to  
25 additional bonus density the idea being that the return on the

1 investment for the additional density would subsidize the cost of  
2 the affordable housing.

3 I know you know this. Everybody knows that this was the  
4 reason but sometimes I think it's important to take a look at --  
5 to take a look at when we're looking at the trees to remember the  
6 forest. It's even more important to acknowledge that in the past  
7 15 years the numbers have not changed, if anything the creation of  
8 multi-unit housing is more expensive, time consuming and in the  
9 post-Covid world, riskier. The goal has not changed either. More  
10 affordable housing and if anything the need is even greater.

11 This brings us to phase 2 and non-residential  
12 conversions. Non-residential conversions are even more complex  
13 financially, more difficult to engineer the new construction.  
14 These are the fundamental reasons why large commercial property  
15 owners and developers aren't beating down the city's door with  
16 conversions projects despite the fact that we're going to have  
17 tens of millions of square feet of empty office space in the city.

18 Currently owners believe that they can receive an appreciably  
19 higher ROI in commercial office renovations even in poor market  
20 conditions than with a conversion.

21 That being said, just because they are extremely  
22 difficult doesn't mean that they aren't good for the city and  
23 can't help the city meet its goal. Unfortunately, as phase 2 is  
24 currently constituted it acts more as a disincentive for these  
25 types of projects. As some of the other panelists have testified

1 | today, it makes non-residential to residential conversions almost  
2 | impossible to get underwritten. This may not be in the purview of  
3 | the Zoning Commission but we've been living in extraordinary  
4 | times. If we've learned anything over the past 18 months is that  
5 | all aspects of our civic lives are connected. They don't reside  
6 | in a vacuum.

7 |           So anyway we're talking about recovery. In other words,  
8 | the forest has gotten considerably larger. Can the District  
9 | develop an IZ framework that incentivize creative conversions, not  
10 | just non-residential to residential but other conversions that  
11 | increase our resiliency and diversify the District's tax base.  
12 | Can we develop a framework that offsets tax revenue from stagnant  
13 | and declining assessed values? Can a robust incentive structure  
14 | from conversions support more investment in affordable housing?  
15 | From what I've been hearing in the last couple of months that may  
16 | be enough the way things -- the way phase 2 is currently written.

17 |           So it comes down to a fundamental question. Will this  
18 | amendment meet the goal of creating more affordable housing or  
19 | not? The answer is no and I think the Commission should take a  
20 | pause and reevaluate the structure and find out what will work.  
21 | There's an opportunity to develop more market and affordable  
22 | housing rate housing units through conversion. If we have a  
23 | robust and flexible incentive structure put in place, we think  
24 | that would happen.

25 |           So we encourage the Commission to work with the private

1 | sector to determine what will work and develop a program that will  
2 | meet the Districts goal. Sorry, I kind of went over, and I thank  
3 | you again for your time and consideration.

4 | CHAIRPERSON HOOD: Okay. Thank you. I believe that I  
5 | have heard from everyone up including the panel, so I'm going to  
6 | go to Commissioner Shapiro. You had a question or comment.

7 | COMMISSIONER SHAPIRO: I do, Mr. Chair, have a question  
8 | that I -- I'll call it the Mallory panel or Mr. Ammirato and/or.  
9 | So I'm actually confused by the testimony a bit because what I  
10 | hear a lot, and actually Mr. Duffy, the appraiser, said the same  
11 | things that, you know, the focus is on -- as we hear and we know  
12 | -- it's on certainty and that uncertainty is one of the most  
13 | expensive things in real estate development. So I get that but  
14 | that doesn't feel like the issue here before us because this isn't  
15 | about certainty, this is about adding expense there's no doubt,  
16 | and I get -- I hear from you that we're talking about potentially  
17 | adding expense without the additional density that you might  
18 | developed off that expense.

19 | But there's a set amount of money that we're talking  
20 | about. So there is some additional money that you need to pay if  
21 | this happens and you go this route and what I'm trying to figure  
22 | out, and this is what I'm confused about is, you know, what's the  
23 | but for test here? What I'm hearing is that additional expense is  
24 | too much. That otherwise these conversions would go forward if it  
25 | were not for this additional expense. But is that really the

1 case? It sounds like there's lots of other issues that get in the  
2 way that create that complication and it's hard to imagine that  
3 this additional expense is the one that sort of tips it over into  
4 the, you know, it doesn't pencil out anymore.

5 So I'm not sure who to address that to but it's just  
6 I've heard from the folks who spoke different pieces of this and  
7 I'm really trying to get my head around it because that's not what  
8 we want to do; right? We do not want to create something that  
9 makes it impossible to do the thing we want to do. So any or all,  
10 you know, just jump in please.

11 MR. AMMIRATO: I, you know, I would defer on the details  
12 of hypothetical or specific projects. I think the overall idea  
13 here is that the conversion process, like you said, is already  
14 extremely difficult and it's already expensive, and there is very  
15 little market incentive for that to happen and additional expense,  
16 if there is a project that wants to go forward and you additional  
17 expense it may not work. So I think really the idea is how do we  
18 create a framework that actually incentivizes people to do it and  
19 I think when it comes to actual cost and details I will defer to  
20 the panel, but I think that's the issue that everybody is trying  
21 to say. That it's such a thin, such a razor thin wire that  
22 they're trying to traverse that any additional expense will make  
23 it enough.

24 MR. DUFFY: Can I address that? Can I add to Rick's  
25 comment?

1 COMMISSIONER SHAPIRO: Please.

2 MR. DUFFY: What I would say, Mr. Shapiro, in answer to  
3 your question there are very few historical conversions from  
4 commercial space to residential without IZ being an overlay and  
5 that I think speaks volumes, and to Rick's point just a second ago  
6 anything that tips it negative requiring a subsidy makes it that  
7 much more difficult moving forward.

8 COMMISSIONER SHAPIRO: Yes. I guess, I mean in your  
9 line of work, Mr. Duffy, you know, you're talking about very --  
10 it's helpful to hear what you're saying, I appreciate it I really  
11 do -- but you're talking about very specific numbers. That's what  
12 you do for a living; right?

13 MR. DUFFY: Yes.

14 COMMISSIONER SHAPIRO: So what's the delta? How many  
15 commercial to residential conversions have we seen in D.C.?

16 MR. DUFFY: Historically very few. There's probably a  
17 dozen at the most. Probably less than that and certainly very  
18 few, if any, in the last call it five years and getting back to  
19 the delta question for a moment, we're in also a very difficult  
20 time from a development standpoint in terms of cost. We have  
21 supply chain problems all over the place in terms of lumber and  
22 commodities and all sorts of things, labor. So the delta is a  
23 moving target right now to be honest and the point there is that  
24 is getting away from us. That's not helping us, that's hurting us  
25 right now.

1 COMMISSIONER SHAPIRO: Okay. Thank you.

2 CHAIRPERSON HOOD: Commissioner Shapiro.

3 COMMISSIONER SHAPIRO: Yes. If there's no other answers  
4 from of the other panelists, I'll wait.

5 CHAIRPERSON HOOD: Any other comments from the panel or  
6 anybody? Okay. Let me just see. Any other questions,  
7 Commissioners? Commissioner May or Commissioner Turnbull or Vice  
8 Chair Miller? Any questions?

9 VICE CHAIR MILLER: No thank you, Mr. Chairman.

10 CHAIRPERSON HOOD: Okay.

11 COMMISSIONER MAY: I don't have any questions either.  
12 It's all very interesting testimony. Yes, that's all. Thanks.

13 CHAIRPERSON HOOD: Okay. And Commissioner Turnbull.

14 COMMISSIONER TURNBULL: I don't have any real questions  
15 right now, Mr. Chair. A lot of -- sometimes when we get into all  
16 this financial aspects of the deltas a lot of it seems like a lot  
17 of smoke and mirrors and almost it gets to be a little confusing  
18 and I think unless you start to see some very hard data on this,  
19 it's really hard to put your finger on something and say, yes, I  
20 see what you're getting at. So I'm open right now to getting more  
21 information as I can. Thank you.

22 CHAIRPERSON HOOD: Okay. Again, for those who have not  
23 provided testimony I think it's very important. But I want to go  
24 and ask Mr. Duffy one or two questions. I understand uncertainty  
25 adding cost, I understand that part. But maybe I missed it when

1 | you said we're focusing too much on the past. Could you help me  
2 | get to where -- that's where your testimony would be very helpful  
3 | -- help me get to where you are, why we're focusing  
4 | (indiscernible.)

5 |           MR. DUFFY: Yes. To clarify that that's a very good  
6 | questions and a good point. My point there is we've had a  
7 | technology change due to Covid. People are working more remotely  
8 | now than ever. The question I have to the panel is will people  
9 | return to cities? Will people return to their offices, and with a  
10 | 20 million square foot plus vacancy factor in D.C., are those jobs  
11 | gone forever and will people move to South Dakota, Florida or  
12 | wherever at which point we're at risk as a city and we need people  
13 | to create value, and I think we need to look at the new way the  
14 | employment base will be handling their space requirements moving  
15 | forward. That's the purpose of looking forward and trying to  
16 | figure out where the market will be a year from now, two years  
17 | from now, rather than employing things that might have worked ten,  
18 | twenty years ago.

19 |           CHAIRPERSON HOOD: Mr. Duffy, I think your question is  
20 | very appropriate and your comment. I've actually mentioned that  
21 | in previous hearings. Exactly after Covid, what are we going to  
22 | return to and I think I'm going to ask, word it the way you have  
23 | it, but you all know I've done that because you probably won't be  
24 | in another hearing so I'll take credit for it. But I think that's  
25 | a very important question. Are we focusing too much on the past?

1 I really appreciate you bringing that to the forefront. It's  
2 very important, again I will ask each one. If you haven't  
3 provided your testimony, please do that because it's very helpful  
4 I know to myself and my colleagues.

5 Any other -- now with that question, Mr. Duffy, let me  
6 explore it some more. Very quickly, was that question to the  
7 panel this -- the panel from DCBIA or to the Zoning Commission?

8 MR. DUFFY: That comment's for everybody.

9 CHAIRPERSON HOOD: Okay.

10 MR. DUFFY: DCBIA needs to understand it. We need to  
11 plan our development process on the real estate side and on the  
12 Commission side they need to provide a good structure to create a  
13 living vibrant city.

14 CHAIRPERSON HOOD: So I need one or two people, let me  
15 just finish this up, I need one or two people to expound on what  
16 Mr. Duffy just mentioned to us on the panel, if you could help me.  
17 We're not going to spend a lot of time but help me -- we're not  
18 holding you to it but what do you think because as far as I'm  
19 concerned a lot of this is just what we think because we don't  
20 really know how we're going to end up. What does the panel think?

21 Mr. Utz, your panel.

22 MR. UTZ: So is part of the question the kind of  
23 mechanisms we can put in place to achieve some of the goals in  
24 what we think is going to be the new setting, the new wave  
25 approaching working and living and creating an affordable strata

1 | of housing in the District? You know, if so I think it needs to  
2 | be a wholistic view of how we achieve a) more housing, but b) the  
3 | more robust affordable housing component of that. They work hand  
4 | and glove and I think that needs a significant focus on financial  
5 | assistance I'll call it just, you know, the tax abatement concept.

6 |           There is -- it was mentioned earlier in the hearing --  
7 | there is a tax abatement concept for high barrier neighborhoods in  
8 | the city. I think that's an ideal framework that we should look  
9 | at employing elsewhere. In fact I think it might be the best way  
10 | that we can achieve, you know, really unlocking really affordable  
11 | housing around the city in places where it currently would not go.

12 | All of our discussions among the members of DCBIA as we were  
13 | talking about how to do this, how to achieve more affordable  
14 | housing, what kind of tools we might utilize to get there, came  
15 | back to that at one time or another and a lot of them just ended  
16 | there. So I think that is an (audio interference) component that  
17 | I wanted to kind of shine a light on, and we need to keep talking  
18 | about maybe getting really creative with it.

19 |           MR. AVITABLE: You know, Commissioners, I'd add to that.

20 | I think part of the problem here is with conversion, you know,  
21 | with the basic IZ program we have a very simple system that's set  
22 | up and works wholly within the context of the zoning regulations  
23 | where you get bonus density, the incentive, in exchange for  
24 | providing the affordable housing which is the burden.

25 |           What we've been focusing on now with conversions is

1 | there isn't that incentive within the zoning regulations. But  
2 | there might be incentives built in within tax abatements or  
3 | something else but they're not, at least right now, it's not sort  
4 | of happening wholistically with a very tightly coordinated policy.  
5 | It's not to say there isn't coordination, I know that there is at  
6 | the District level. It's not a coincidence that the Council was  
7 | considering that, but you've got -- we've gone from you five  
8 | Zoning Commissioners with the guidance of OP developing this  
9 | policy and then implementing it to a policy now that you're  
10 | implementing part of it but for it to be successful, it might very  
11 | well turn on the Council, the Deputy Mayor, other people putting  
12 | things into play to make sure it fully happens and I think what's  
13 | giving a lot of our clients, our members, pause is the fact that  
14 | because there's already so much uncertainty in conversions adding  
15 | another layer onto it is just that much more problematic and, you  
16 | know, I'll say from my experience anecdotally over 15 years I've  
17 | done a handful of conversions but in almost all cases those  
18 | conversions involved a relatively significant addition to the  
19 | existing building, often through a PUD process so you all were,  
20 | you know, able to negotiate the affordable housing through that or  
21 | it was IZ and then some through that, and more importantly the  
22 | cases you don't see. The clients who come to us and say I'm  
23 | looking at this office building and I'm thinking about converting  
24 | it and they run the numbers and realize oh, I can't accommodate  
25 | any additional density. It's not worth it. It doesn't work, it

1 doesn't pencil out. I can't tell you the number of times we have  
2 that conversation, you know, month in and month out on different  
3 sites.

4           With non-residential sites there's so much inertia, for  
5 lack of a better term, in changing the use of that site because,  
6 you know, for the revenue that you get even with that B minus or C  
7 class office building or that one story retail for people to just  
8 keep that use in place and keep clipping coupons, it's far for  
9 them to take on the uncertainty and risk a conversion and that's  
10 sort of I think a little bit of what we just are hearing and  
11 struggling with, and what we've been trying to convey.

12           CHAIRPERSON HOOD: Okay. What I would like to do before  
13 we continue this conversation, and I think I now have everybody up  
14 so -- and this is going a different way. You never know what to  
15 expect at the D.C. Zoning Commission -- so what I'm going to do is  
16 let me hear from those that we have not heard from. We have Mr.  
17 Ogden now on the phone I believe. Let me hear from Mr. Ogden, Mr.  
18 Cohen --

19           MR. OGDEN: Yes, sir.

20           CHAIRPERSON HOOD: I'm sorry. Since we have you on the  
21 phone --

22           MR. YOUNG: Cheryl Cort is on as well, Mr. Chair.

23           MR. OGDEN: Yes, sir.

24           CHAIRPERSON HOOD: Okay, Mr. Ogden. You can begin your  
25 testimony.

1 MR. OGDEN: Yes, sir. Can you hear me?

2 CHAIRPERSON HOOD: Yes. You can begin your testimony.

3 MR. OGDEN: Wonderful. My name is John Scott Ogden. I  
4 go by both John and Scott, mostly Scott. I have worked for S.C.  
5 Herman & Associates, I've been with them for 33 years. Our  
6 company is over 50-years-old and we do mostly in-house real estate  
7 development and operations in the city, a few other properties  
8 outside the city, but basically in D.C.

9 We have a building at 1125 15th Street that's 273,000  
10 feet of rentable office space. It happens to be vacant and we  
11 were considering converting that to 306 apartments and we took  
12 that 306 apartments and I spent the money with the architect and  
13 the engineers to go through design concept drawings, went out to  
14 five bidders, five general contractors got it priced, did my pro  
15 forma and there was no way that that could be built which -- so  
16 that isn't a D zone. We have studied D zone buildings and  
17 especially the D zone where you built maximum heights. You  
18 probably are not getting any extra FAR. You're basically being  
19 asked to provide subsidized housing directly affecting your bottom  
20 line, your NOI (ph.) goes down considerably. So it's just  
21 impractical, especially in the D zone.

22 The others, it depends on what is -- what they get back.  
23 You know, how many extra floors you're going to be able to add,  
24 what kind of density you're going to get and that might be  
25 possible but I haven't come across it before that it showed that

1 | it was a real good deal yet.

2 |           The other thing, you know, that we're running into is  
3 | Covid and you guys touched on it a little bit. I recently got  
4 | from Delta Associates which does a lot of the rent computations  
5 | around this area that for a class A apartment buildings in D.C.  
6 | during Covid the rents decreased 10 percent. So you can add into  
7 | that your NOI being reduced by 10 percent right off the top. You  
8 | add in the fact that you've got unknown construction costs now  
9 | because of materials. I mean lumber is a pretty good example.  
10 | We're high rise office so we wouldn't have much lumber, we're all  
11 | steel studs but it's just indicative of the increased cost on your  
12 | bottom line which further reduces your return on cash investment.

13 |       So, you know, I would really -- I would say that the concept is  
14 | not necessarily only D zone but in general we certainly would  
15 | support the exemption of the D zone properties from the IZ but I  
16 | think that those other zones have to be looked at individually  
17 | because they are probably getting something in return and I think  
18 | it would be wise for us to have some kind of three to five year  
19 | range of a study period to try to get the market more known, to  
20 | get more back to normal whatever that normal is going to be and to  
21 | be able to pencil these things out so it becomes practical.

22 |           I think it's very important that we do have the housing.

23 |       I think that if we're going to have a living downtown we've got  
24 | to have -- we certainly have to provide the housing and I think  
25 | that not everybody wants to move out of the city. I think there

1 are a lot of people that do not want to get involved with the  
2 commute and that want to be in the city. So that is my hands on  
3 experience and, you know, I took this to the degree where I've got  
4 real solid numbers, it just doesn't pencil out.

5 CHAIRPERSON HOOD: Okay. Well, thank you, Mr. Ogden.

6 MR. OGDEN: Thank you.

7 CHAIRPERSON HOOD: Hold tight. We may have some  
8 questions for you in this panel setting.

9 MR. OGDEN: Sure.

10 CHAIRPERSON HOOD: Let me see who I need to go to next.  
11 Before I go to Ms. Cort, Ms. Cort's going to be last. Give me  
12 one second. Ms. Schellin, can you help me with the name?

13 MS. SCHELLIN: Next is Mr. Cohen.

14 CHAIRPERSON HOOD: Cohen, okay. Yes, Mr. Cohen, you may  
15 begin.

16 MR. COHEN: Okay. Thank you for having me. I am Gary  
17 Cohen of Willco. I am a fourth generation Washingtonian. My  
18 company owns 180,000 square foot office building on the corner of  
19 20th and L. It's the Vanguard building, 1111 20th Street,  
20 Northwest. My grandfather built the building in 1962 and he named  
21 it the Vanguard building because it was the first office building  
22 in that area at the time. Back then the area was filled with  
23 industrial uses like repair garages and junkyards.

24 I'm here today to explain the impact of applying IZ to  
25 office building conversions. While I note that my building is in

1 the D zone and is therefore currently fully exempt from IZ, I  
2 thought it would be helpful for you to understand the factors that  
3 an owner considers when determining when to consider to convert an  
4 office building to residential use. I also understand that you'll  
5 be considering the potential elimination of the IZ exemption for  
6 the D zones at a later date.

7           As you know we are facing one of the highest office  
8 vacancy rates in the city's history. The Vanguard building is  
9 nearly vacant since the main tenant, the Peace Corp., moved out in  
10 May of 2020. Given the dire state on the market for office use  
11 and the property's location close to the west end we seriously  
12 considered a conversion to a 200 unit apartment house. In fact,  
13 there are already several residential buildings just west of the  
14 property on L Street and this conversion would add to the  
15 residential character of this part of L Street. Introducing  
16 residential units into this neighborhood would bring many benefits  
17 including more support for the struggling retail and more activity  
18 in the evenings. Also the future residents may be attracted to  
19 the downtown location given its proximity to their place of work,  
20 transit rich options and numerous other amenities.

21           Finally, we believe that bringing new residents into the  
22 city is only positive. While residential is an interesting  
23 option, it needs to make economic sense. The renovation costs are  
24 substantial. Approximately, as of today, approximately \$70  
25 million for hard and soft costs and residential rents in the city

1 are down. Put simply, the economics of the conversion concept are  
2 already tight. This is a primary reason why you simply don't see  
3 this dynamic occurring much on its own. As a result, we would  
4 consider including some IZ units only if there was a real property  
5 tax abatement or other incentive granted by the council. Absent  
6 that, a requirement to provide IZ units would render conversion  
7 completely infeasible. If IZ were to apply to conversions, the  
8 Commission would be imposing a significant burden with no  
9 compensating bonus upside whatsoever since the site is already  
10 allowed unlimited density for residential use and the maximum  
11 height permitted under the Height Act. The concept of conversions  
12 to residential which already happen very infrequently due to the  
13 significant cost would happen not at all when adding in a layer of  
14 required IZ. Like many long time property owners in D.C., we have  
15 no debt on the property so we can wait out the office market since  
16 we believe it will bounce back. We have done that before and we  
17 can do it again. In fact, this building at one point it sat  
18 vacant for three years until the office market came back. But I  
19 am confident that a vibrant new residential project, even one with  
20 no affordable units is far better for the city than an empty  
21 office building. A new apartment house would help reduce the  
22 oversupply of office and provide additional housing opportunities.

23 Further, an increased residential supply will bring  
24 rents down enhancing affordability for all. Multiple recent  
25 studies have shown this concept to be more than just words. The

1 District's own CFO reached this conclusion in a D.C. focus study  
2 in 2019. So I ask that when you consider applying IZ to building  
3 conversions, please consider whether disincentivizing conversions  
4 will serve our goal of enhancing affordability. In zones where  
5 the Commission cannot offer bonus height or density in exchange  
6 for an IZ requirement, conversions will become far less feasible  
7 if IZ applies.

8 Another option would be to apply IZ to conversions only  
9 when the project is in a zone where bonus height and density are  
10 available and can actually be used in a conversion project. Such  
11 IZ requirements should be attached only to the additional density  
12 gained. This Commission has commented in the past that it has  
13 only very limited tools to attempt to address the city's  
14 affordability crisis. The IZ tool is extremely limited when no  
15 bonus can be offered. I ask that you use the IZ tool carefully so  
16 it achieves desired results. On the other hand, if IZ is  
17 partnered with other incentives granted by the Council, it will  
18 have a much greater chance of actually resulting in an increased  
19 supply of affordable units. The Council can pair an abatement  
20 with an IZ requirement even in zones that are exempt. Under that  
21 scenario, there is no need for a change to the zoning regulations.

22 Thank you.

23 CHAIRPERSON HOOD: All right. Thank you. I think I've  
24 gotten everybody except for Ms. Cheryl Cort. Ms. Schellin, do we  
25 have everybody except for Ms. Cort? Ms. Cort is my benchmark

1 where I know I have everybody.

2 MS. SCHELLIN: Yes, she's the last one.

3 CHAIRPERSON HOOD: Okay. So Ms. Cort, you can begin.

4 MS. CORT: Thank you, Chairman. I'm Cheryl Cort with  
5 the Coalition for Smarter Growth. We're testifying in support of  
6 this proposal. We want to recognize the work that the Zoning  
7 Commission has done to pursue additional applications for IZ to  
8 create more affordable homes and it speaks to the, you know, that  
9 this is a narrow opportunity in terms of zoning and how it can  
10 create affordability and we appreciate the Zoning Commission fully  
11 exploring that opportunity.

12 The proposed changes to the regulations under the case  
13 No. 21-05 would require new residential space that's created in a  
14 covered IZ zone. Even if it's within the envelope of the existing  
15 non-residential building, would be (indiscernible) environments  
16 given that hotel institutional office uses may be obsolete in some  
17 circumstances, this IZ rule would help create mixed income housing  
18 opportunities or encourage that this looks like especially the  
19 case in Rock Creek West.

20 We appreciate the commercial and residential assessment  
21 report that was conducted by the Office of Planning and we ask  
22 that OP continue to monitor and continue to evaluate the dynamics  
23 of conversions to track the creation of new housing and IZ units  
24 going forward. We want to ensure that this rule change achieves  
25 the intended balance of increased affordable units while

1 minimizing the discouragement of new housing construction and  
2 conversion obsolete uses.

3 We concur with the assessment that there is, you know,  
4 important potential in high cost areas where affordable housing is  
5 limited to create these conversions that produce affordable IZ  
6 units and we just want to reiterate that the IZ is a zoning tool  
7 that on its own can make meaningful but limited contributions to  
8 our housing stock and that we appreciate the Zoning Commission's  
9 efforts on this and that we continue to rely on the zoning as a  
10 complementary tool to the Mayor and the D.C. Council increasing  
11 funding for the Housing Production Trust Fund, low rent supplement  
12 and other funding sources for D.C. affordable housing. Thank you.

13 CHAIRPERSON HOOD: Thank you, Ms. Cort. May I ask  
14 everyone to hold for one moment. Ms. Wilshire I understand is  
15 here to testify and I think that's the last person we have. If we  
16 can bring Ms. Prince back up I think her client that she was  
17 referring to is there with her, so. Okay. So we, I'm being  
18 flagged that we're waiting for them to call in so just bear with  
19 me a moment. I was just trying to bring everybody up like we're  
20 in the hearing room. I don't know if that worked out too good or  
21 not. But anyway.

22 COMMISSIONER SHAPIRO: Mr. Chair, can I as a question  
23 (indiscernible.)

24 CHAIRPERSON HOOD: Okay. There's Ms. Prince. There's  
25 Ms. Prince up if we can hold off, Mr. Shapiro, let's let everyone

1 finish testimony. Thank you. Ms. Prince, whenever you're ready  
2 to have Ms. Wilshire testify.

3 MS. PRINCE: Excellent. She's right here. Thank you.

4 CHAIRPERSON HOOD: Okay.

5 MS. PRINCE: Her internet was down so she had to come to  
6 my house.

7 MS. WILSHIRE: Thank you for hearing me. My name is  
8 Ashley Gerstenfeld Wilshire and I'm the president of SJG  
9 Properties which is a real estate company started by my father in  
10 1965. We own several buildings in D.C. including the historic  
11 1911 Woodward Building which is down at the southeast corner of  
12 15th and 8th Street, a few blocks from the White House. My father  
13 bought the building in 1968 in the wake of the riots. The company  
14 maintained it as a multi-tenant office building for decades but  
15 then in the early 2000s when we were facing the need for a major  
16 repair, we were looking at the options and ultimately decided to  
17 convert the building to residential.

18 It has not been an easy journey for a number of reasons  
19 but knowing what we know now I'm not sure if we would have made  
20 the same decision. Even though our basis in the property was very  
21 low and we didn't have any debt on the property, the cost of  
22 converting even back in 2006 was extremely high. Once the  
23 conversion was completed and leasing began we hit a 2008 market  
24 downturn. Leasing was very challenging as residential tenants  
25 prefer to be in neighborhoods. There's no neighborhood where we

1 are and in the evening most of the retailers close up and there's  
2 virtually no amenities after work hours so the area feels a bit  
3 like a ghost town. It's not terribly desirable for residential  
4 tenants.

5           The current market for residential leasing is similarly  
6 unstable. In hindsight maintaining the building as an office  
7 building would have been a safer choice given the building's  
8 downtown location and lack of residential amenities nearby. In  
9 fact after 13 years after the conversion of the asset, the  
10 distributable income to the owners of the class D office property  
11 was higher than the current distributions on a class A residential  
12 building which makes it difficult for owners to justify the  
13 conversion of office to residential. Had IZ been required when we  
14 converted we simply never would have considered conversion as an  
15 option. Yet, economics would not have allowed for it. Even  
16 without IZ it is, you know, it still was a challenge. But because  
17 we converted, we've introduced hundreds of tenants to downtown  
18 living and we removed a 230,000 square foot office building from  
19 the supply.

20           You may view the IZ exemption for conversions as  
21 resulting in lost opportunities for affordable units, but I urge  
22 you to remain aware that a disincentive to conversion does not  
23 help achieve more affordable units. It will more likely result in  
24 less housing, particularly in downtown locations. It limits  
25 options for the owner and constrains the ability to take the kind

1 of risk that we took. Continued office use is also a lost  
2 opportunity. Any and all residential has tremendous value in the  
3 city and more market rate rental increases supply and effectively  
4 compresses rents.

5 Over the years Washington has seen less expensive  
6 housing options in established markets of Northwest become more  
7 affordable as new product was added in the Navy Yard and other  
8 areas shifting the luxury market to other areas and leaving behind  
9 a well constructed supply of apartments and more affordable rates  
10 in other established areas of the city. We have seen rent growth  
11 in Logan Circle remain flat as average rents across Washington  
12 continue to increase with all the new product. Given the current  
13 over supply of office in the city and the damaging effects of  
14 empty office buildings, we need to incentivize and encourage  
15 conversions with legislative tools like tax abatements.

16 The pandemic showed the fragility of downtown retailers  
17 and how bringing in more residential would help to diversify and  
18 strengthen against shocks to any one sector. IZ complying with  
19 the potential bonus height and density is a tool that could help  
20 owners financially justify converting office to residential but  
21 without any bonus or other incentives requiring IZ for office  
22 conversions is a disincentive. Thank you.

23 CHAIRPERSON HOOD: All right. Thank you. Let me ask  
24 just one quick. Did I miss anybody? Anybody who wanted to  
25 testify, did I miss anybody? Okay. Commissioner Shapiro, I know

1 | you had a follow-up question for the group or for somebody.

2 |           COMMISSIONER SHAPIRO:     I think it's more (audio  
3 | interference) Mr. Chair, maybe this is more part of deliberation  
4 | because I think it's safe to say, at least for me, that there's a  
5 | lot more information than I need. But part of it is so much of  
6 | the testimony that we've heard is about what will or won't happen  
7 | in D zones which is not even what's on the table and so I'm really  
8 | curious around areas where this might actually happen like Rock  
9 | Creek West and, you know, in part, you know, the data that we see  
10 | from OP state -- they're saying loud and clear this is not going  
11 | to happen in areas where the office rents are, you know, forget  
12 | about class A, you know. The numbers just don't work. But what  
13 | they're saying is it very well might work in areas where you're  
14 | converting, you know, class C to class A residential and I didn't  
15 | catch the name of the last one. Was it Gerstenfeld; is that  
16 | right?

17 |           MS. WILSHIRE:    Yes.

18 |           COMMISSIONER SHAPIRO:    So yours was the one example that  
19 | I heard where you were talking about that kind of conversion and  
20 | essentially what I heard you say was yes, you don't make as much  
21 | money but it works and so then it's again this question of, you  
22 | know, if we were to implement this, what is that actual delta of  
23 | additional cost that we're saying because we really do need to  
24 | find a way in these new projects to bring in housing affordability  
25 | as well. So it's, you know, this is what's going around in my

1 brain, Mr. Chair. I feel like I need more information to even  
2 begin to make a decision about this but I feel like I'm not quite  
3 getting the information that I need because the examples are all  
4 examples of what's not before us.

5 CHAIRPERSON HOOD: Okay. Thank you, Commissioner  
6 Shapiro. Anybody else? Let me, Commissioner May, you have any  
7 questions or comments of anybody? Okay. Vice Chair Miller? Any  
8 questions or comments of anybody?

9 VICE CHAIR MILLER: Hi. No questions. I thank  
10 everybody for taking the time to testify and look forward to  
11 reading your written testimony and mulling that over.

12 CHAIRPERSON HOOD: Okay. And Commissioner -- I went out  
13 of order as Commissioner Turnbull and everybody keeps moving  
14 around on the screen -- Commissioner Turnbull, do you have any  
15 questions or comments?

16 COMMISSIONER TURNBULL: No real questions, Mr. Chair.  
17 At this point I might agree with the Vice Chair that I really need  
18 to look at the written reports of this hearing to really look at  
19 it better. Thank you.

20 CHAIRPERSON HOOD: Okay. I would agree with my  
21 colleagues. It would be nice when I look in the record, and I  
22 appreciate Ms. Cort for mentioning the assessment that was done.  
23 I would agree that was -- I think it was very informative. But I  
24 heard information here today and I also agree with Commissioner  
25 Shapiro about the D zones, but there were some things in the

1 testimony from others that I would like to at least grapple on and  
2 be able to look at a little more. I think it's -- and even if  
3 it's not suitable for what we're doing today I think it'll be very  
4 helpful to have that information in the record for upcoming things  
5 and it will flag OP and us, and those who are involved. I think  
6 it's very important information. The problem is I just didn't --  
7 we just didn't get it in writing. It would be very helpful.

8           So I don't know, Ms. Schellin, how much extra work  
9 that's going to be on the Zoning office but we need some of -- if  
10 the folks who testified don't mind, if you already have it, I'm  
11 sure you have it somewhere -- if you could just write it and  
12 immortalize it in some way and send it in I would greatly, the  
13 Commission and I would greatly appreciate it. So anything else  
14 Commissioners of any of the panel? Okay. Mr. Young, if you could  
15 take everybody down except for the Commissioners and those who  
16 normally stay up. I want to thank everyone for your participation  
17 and we greatly appreciate all the information you've provided this  
18 evening. Thank you.

19           MS. SCHELLIN: If I could Commissioner, Chairman Hood,  
20 before they get off if they could submit their written testimony  
21 by tomorrow, that would be great.

22           CHAIRPERSON HOOD: Okay. Well hopefully that's doable.  
23 If not, we'll give them another day, Ms. Schellin, if that's  
24 doable -- if it's doable by tomorrow. That was the request.  
25 Okay. All right. Mr. Young has taken everybody down. I don't

1 believe anyone is ready to move tonight. I'm looking at my  
2 Commissioners. If you are, raise your hand. Like Fred (ph.) does  
3 it, if you are raise your hand. Yes. I think we got a lot of  
4 information, and not even if it's not necessarily germane and  
5 helpful tonight I think it's helpful going forward in other things  
6 that we're trying to look at here. So I think we got a lot of  
7 additional information. I would agree with Commissioner Shapiro  
8 that we take the time to be able to examine it and see what's  
9 applicable and what's not. Again, some of it I believe is going  
10 to help us in future cases so that's kind of where I. Vice Chair  
11 Miller?

12 VICE CHAIR MILLER: I would just say it might be  
13 helpful, I'm just thinking out loud here, Mr. Chairman, maybe I  
14 shouldn't think out loud publicly. We are a public body and we're  
15 very transparent, all of our -- it's all out there. After we get  
16 the written testimony from all of those who testified and who may  
17 submit comments if the record is still open, I think we need a  
18 supplemental comment or response from the expert Office of  
19 Planning about those comments. They've been working with many of  
20 these individuals on individual cases and overall policy for years  
21 and they're very familiar with these issues, and I just think we  
22 need that into the written record after we get the written  
23 testimony from those we've heard today and I appreciate everybody  
24 commenting today.

25 You know, we are in a very (indiscernible) we're in a

1 very challenging uncertain environment and I think we're hearing  
2 that in the testimony, particularly for the downtown office market  
3 or the office market generally, not only in this city but every  
4 city in the nation. I wasn't here, I can't remember if you were,  
5 Mr. Chairman, you probably were when the downtown development  
6 district zoning regulations were adopted. I was part of the  
7 comprehensive plan (audio interference) the Council that kind of  
8 led to the Zoning Commission doing the DDD which it seems a lot of  
9 the arguments are very familiar from -- I think this is almost, I  
10 don't know when, 30 years ago, 20 years ago? I guess you weren't  
11 here 30 years ago at the Zoning Commission, you're shaking your  
12 head. Anyway --

13 CHAIRPERSON HOOD: I actually was here though with  
14 Charley Doctor --

15 VICE CHAIR MILLER: Oh, yes.

16 CHAIRPERSON HOOD: -- and Jair Lynch. So I was here for  
17 that but I don't remember that being 30 years ago. So I can't  
18 remember but I know we did -- it was about the DDD with Jerrily  
19 Kress as the Chair at the time so I just (indiscernible.)

20 VICE CHAIR MILLER: And we were told the Council, the  
21 Mayor level and the Zoning Commission was told that we were down  
22 zoning downtown. The generator of all the revenue that funds all  
23 the programs that everybody wants to fund. It kind of worked out.

24 I'm not sure why it did or how it did, putting all those historic  
25 preservation overlays, the arts overlay, the housing overlay. You

1 weren't going to be able to have your 13 story office building  
2 everywhere downtown. I don't know if the assessments got  
3 rejiggered and yet -- and then moving forward after a number of  
4 years it all worked out. But it's just a very -- it's one of the  
5 things while I still have my memory, it seems a very familiar  
6 argument about when we make changes, especially in a time of  
7 uncertainty I understand and we need to be careful, and I look  
8 forward to carefully considering all the views here and we are  
9 just one, as everybody has pointed out, a very small part of the  
10 entire toolbox of programs and incentives and financial incentives  
11 that need to be -- that are being implemented. There's a lot of  
12 funding in the current budget the Mayor has presented to the  
13 Council for producing, preserving, maintaining affordable housing.  
14 So we can't solve every problem but we have one case before us.  
15 We can't really get into all those financial incentives, but I  
16 couldn't resist commenting that it's not an unfamiliar argument  
17 that the Zoning Commission has heard in terms of when we introduce  
18 change to existing rule making. We're aware that there is a cost  
19 to that and we will move carefully as we move forward.

20 CHAIRPERSON HOOD: I think you're so right Vice Chair.  
21 Again, I was here during the DDD with Charley Docter and Jair  
22 Lynch and now look at it, you know, as flourishing and  
23 (indiscernible.) But I do understand the, again, focusing too  
24 much on the past. So one thing about that. I want to make sure  
25 we have all the information and that's why I ask for their

1 submissions, Ms. Schellin, of those who testified tonight and then  
2 I think colleagues the record will close and we will be able to go  
3 through that and see how we're going to proceed and then whether  
4 we need to come back and do something or whether we're ready to  
5 move forward with the information that's given to us because some  
6 of those points, again, will help us in this case and I'm sure  
7 some of the points that were made will help with some other cases.

8 Commissioner May.

9 COMMISSIONER MAY: Yes, Mr. Chairman. Will first of all  
10 let me say I endorse the Vice Chair's request for getting some  
11 sort of a supplemental report from the Office of Planning. I'm  
12 very interested in seeing their reaction to the testimony tonight.

13 But I go back to the very beginning and your first question of  
14 the Office of Planning and the question about outreach to ANCs and  
15 while that didn't happen very explicitly in this case, I do feel  
16 like we are not hearing something significant by not hearing from  
17 ANCs or from some of the other groups who have something to say  
18 about affordable housing in Washington. I mean, you know, these  
19 folks come out in force on certain projects and try to push us to  
20 do, you know, to require, you know, one third, one third, one  
21 third on, you know, design new cases where it's, you know, it just  
22 doesn't apply but they come out and speak I think eloquently and  
23 forcefully about pushing the boundaries and making it more  
24 challenging or rather challenging the development community to do  
25 something more. I really feel like we're missing some of those

1 | voices.

2 |           So rather than leaving the record open for a short  
3 | period of time, I was just thinking that maybe we should leave it  
4 | open for a longer period of time and that we do make one more  
5 | explicit outreach to groups that have an interest in this and  
6 | request them to make submissions so we can hear more about it and  
7 | then we can decide do we want to have another hearing, do we want  
8 | to try to move forward with something, do we want to send it back  
9 | to the Office of Planning to be reworked. But I do feel like, you  
10 | know, hearing another side of the story than what we heard from  
11 | the DCBIA and the BIDs, I mean I'm glad to have at least heard  
12 | from Cheryl Cort tonight but I don't feel like it was -- doesn't  
13 | feel like it was a fully balanced discussion, so.

14 |           CHAIRPERSON HOOD: So I'm glad you brought that up,  
15 | Commissioner May, because I think that is a good direction to go  
16 | in. I can think of some names I would like to hear from like  
17 | McCoy-McKinney. I would like to hear from some of them, you know,  
18 | and I was thinking about that but I also thought about -- and I'm  
19 | going to call out some names -- people who were always involved in  
20 | and also gave all of us the benefit because most of the time like  
21 | the Commissioner Eckenwiler, if he sees something like that he's  
22 | going to be on it. So I was kind of -- I was grappling that even  
23 | why I asked the question and I was thinking okay, why don't I see  
24 | and then Ms. Mallory reminded me that they are part of the  
25 | community too so I agree with everything I've heard but I think we

1 | could do that extension of the reach. I would support that and if  
2 | we just reached to those people and get some feedback from the  
3 | McCoy-McKinneys and, you know, the group who's always saying like  
4 | the same design (ph.) where if you give us some more affordable  
5 | housing which doesn't apply. This is the time now we're going to  
6 | need to hear from them, as I've stated previously, to help us on  
7 | the front end. Not after we've done it and come in and help us on  
8 | the back end because I think we need to be -- we need to get it  
9 | done up front and I think it would be very helpful.

10 |           I don't know how we could do that. Maybe we can ask the  
11 | Office of Planning to maybe reach out to -- I think I had called  
12 | some other names a while back. In a design review case the young  
13 | man who's the chair of ANC 6B, I think his name is Daniels, but  
14 | anyway. To that magnitude let's see what we can do. I saw  
15 | another hand. You all are raising your hand, getting like Fred.  
16 | Commissioner Shapiro.

17 |           COMMISSIONER SHAPIRO: Yes. I agree with keeping the  
18 | record open and looking for more information. I would like to --  
19 | I mean, what I'm caught with on this is just economics, you know,  
20 | how you evaluate what deals the stops and what deals this, you  
21 | know, my not getting the way of. I mean there's so little  
22 | commercial to residential conversion anyhow. So I would like to  
23 | hear from DMPED on this. You know, if there's a way to go in and  
24 | ask and say we, you know, where are you on this, how do you see  
25 | this affecting the deals that come before you, you know, because

1 one of the things that I'm concerned about that, you know, there's  
2 a way in which are we wasting our time and is that one of the  
3 reasons why we're not hearing a lot from other folks in the  
4 community because at the end of the day, this is a difficult kind  
5 of economic deal anyhow and then we're adding another layer of  
6 complexity on to it.

7           So something that's barely happening now really won't  
8 even happen. You know, that's the doomsday scenario we heard from  
9 the development community. My read on it on this one is there may  
10 be some truth in that. If you look at the history of what's going  
11 on with the conversions, there's a reason why they're not  
12 happening. So can we reach out?

13           CHAIRPERSON HOOD: Yes, I would -- yes, I think we would  
14 figure out how to reach out. The Office of Planning, I'm sure  
15 that the Office of Planning are being flagged but I can tell you  
16 that -- okay, so I'm reminded as I'm always saying, so I don't  
17 know what our timeframe is but I will tell you that as mentioned,  
18 that I've always mentioned -- the Commission always mentioned --  
19 if you ever want to get something over on somebody in this city  
20 you do it in July and August. So that's the problem. So we're  
21 leaving the record open which I think is great. We can ask for  
22 additional information but I will not be looking for any  
23 information from the ANC at no time in August because they  
24 basically take a break, like we do.

25           So I don't know how are we want to go. I don't know how

1 | much we want to ask certain, you know, McCoy-McKinney, Mark  
2 | Eckenwiler, and I don't want to just reference or show partiality  
3 | to one set group or a few people, but everybody. Let's put it  
4 | back out there again because the Office of Zoning has done it.  
5 | They've sent it out to all ANCs but it goes to Commissioner  
6 | Shapiro's point, maybe we need to push it a little bit more.  
7 | Maybe if they see it again, maybe they'll pay a little more  
8 | attention to it. Who knows what the problem is? Or maybe silence  
9 | is sometimes -- maybe they just don't have a problem with it. So  
10 | it's hard to tell. It's hard to tell. If I could tell what was  
11 | really going on why we didn't have any other responses from ANCs,  
12 | I would go right -- well I'd better not say I would go play the  
13 | lottery -- but either way I would, you know, we would know but we  
14 | don't. So all we can do is reach out again. My only issue is the  
15 | timeframe so I'll open that up for discussion. Anybody? As  
16 | Commissioner May, you brought it -- Commissioner Turnbull.

17 |           COMMISSIONER TURNBULL: Mr. Chair, I just want to say  
18 | that I well agree with the comments that have been made by all of  
19 | the other Commissioners. I guess I'm feeling a little bit  
20 | frustrated here tonight. I feel like we're going back -- it's  
21 | going back when we first had done inclusionary zoning and we ended  
22 | up with 80 percent AMI. Well, look what we've done. How many  
23 | times have we stepped back since then and said how the hell did we  
24 | ever accept 80 percent AMI? It's because the economics were  
25 | telling us this is what you're going to get. That's all you can

1 do. So I feel like every time we hear the economic numbers come  
2 out and it's like we can back it up, we can show you papers and  
3 logs and I get so frustrated that it feels like, you know, it's  
4 like I said smoke and mirrors because very time in a Zoning  
5 Commission hearing when we hear from the traffic engineers about  
6 the traffic and everything else and all the reports, I always feel  
7 like that's a little bit smoke and mirrors. You never know really  
8 how good those counts are.

9           But tonight I just feel very frustrated that, like you  
10 say, we haven't heard from everybody. We need some more input.  
11 But I just am feeling if it comes down to economics you're getting  
12 to get, yes, you're going to get IZ in this zone but, you know,  
13 it's only going to be 80 percent, 80 percent because we can't  
14 afford anymore. Don't you realize that? It's not going to  
15 succeed. So I get a little bit frustrated. I really get -- I get  
16 frustrated that we can't seem to push forward something that would  
17 be so meaningful to the city to get really affordable housing in  
18 areas that really need it.

19           So I'm venting. I'm venting because they talk about  
20 incentives. Yes, you need incentives. Yes, you need help and do  
21 this. How do you get there? I don't know. But I always feel  
22 like we get stonewalled at the end. It's just you can't make it  
23 happen unless in the end 80 percent, that's all you're going to  
24 get. So I don't know. I'm just a little bit frustrated tonight.  
25 That's my dialog here.

1 CHAIRPERSON HOOD: Okay. But Commissioner Turnbull,  
2 that's the reality of it. You're right. That's exactly what we  
3 get. We get that. I can't do no more than this. I can't do  
4 that. So we get that. But I think back to Commissioner May's  
5 original point, the point that I had made previously about getting  
6 some of those to come down and design a new case and say give us  
7 affordable housing, give us this, give us more units, give us 30  
8 percent of AMI which again is not applicable. But this is a case  
9 where we need them to opine. So I don't really know the  
10 timeframe. I need some help from my colleagues on that. What are  
11 you all thinking?

12 COMMISSIONER MAY: I like September, Mr. Chair.

13 CHAIRPERSON HOOD: September. But it's got to be  
14 towards the end of September because they don't meet in August and  
15 July. Well, some don't meet in July or August, some of them meet  
16 in August.

17 COMMISSIONER MAY: Well, we could leave the record open  
18 until, you know, the end of July or something like that but not  
19 take it up until September. I mean just giving them that extra  
20 time isn't necessarily going to produce a better result and it's  
21 going to make some people mad because they're going to have to  
22 think about it in August. So, I mean we are still only June 28th  
23 and I'm, I don't know.

24 CHAIRPERSON HOOD: So what I was thinking, Commissioner  
25 May, was that we weren't going to deal with it in September, we

1 | would deal with it in October, but you know what? Let's go --

2 |           COMMISSIONER MAY: Well, that's fine by me because I'm  
3 | not going to be here for most of September anyway.

4 |           CHAIRPERSON HOOD: Oh. Well why did you bring it up for  
5 | September?

6 |           COMMISSIONER MAY: Well, I was thinking the end of  
7 | September.

8 |           CHAIRPERSON HOOD: Okay. Well, first week in October.  
9 | So I don't know if there's any urgency but we do want to get  
10 | there. I know the Vice Chair and others, we do want to get there  
11 | but we want to be careful of how we get there so we won't keep  
12 | focusing too much on the past. This is a lot of uncertainty. As  
13 | we already know in a lot of stuff, you know, people are now  
14 | teleworking and there's a whole lot of other things that at some  
15 | point the new norm is what I always hear everybody call it. What  
16 | is the new norm look like? So anyway, so Ms. Schellin, let me see  
17 | -- Vice Chair Miller.

18 |           VICE CHAIR MILLER: Sorry, Mr. Chairman. Just one more  
19 | comment piggybacking on the comments that my colleagues -- whose  
20 | comments I agree with and whose frustrations I share. So I think  
21 | it's good to do the additional outreach to other community  
22 | organizations and ANCs that we haven't heard from. If, however we  
23 | do that we should do it citywide. But I'm kind of focused tonight  
24 | on the high opportunity area of Rock Creek West. You know, ANC3G,  
25 | 4D, Mr. Shapiro knows because he was I think on that commission

1 | for a while, just did a racial housing equity report I think in  
2 | the last year. I mean, I would like, interested to hear from ANCs  
3 | in the Rock Creek West area about this. Not about the whole issue  
4 | of how we create affordable housing but just on this case because  
5 | I think their perspective would be -- we could either just give  
6 | them another opportunity to weigh in whether it's the Chevy Chase  
7 | ANC, the Friendship Heights ANC, all the ANCs throughout the city  
8 | and OP, we were looking forward to a supplemental report from them  
9 | responding to whatever we get in the record. I think it would be  
10 | useful even though I read today that Assessment of Commercial to  
11 | Residential Conversions in the District of Columbia report from  
12 | last November, I don't know if it had data -- we heard tonight  
13 | anecdotal data on how many conversions there have been and what  
14 | the experience was. I remember a few cases at the Zoning  
15 | Commission. As part of OP's report I'd like to hear about the  
16 | conversions that happened. I think many of them or the couple  
17 | that I'm remembering were not subject to inclusionary zoning and I  
18 | was upset at the time that they weren't, and I think I just went  
19 | to a place in Southwest, Buzzard Point, to visit the Coastguard  
20 | building which has turned into this residential beautiful thing  
21 | but I think it wasn't subject to IZ.

22 |           Anyway, I just would like to hear a little more data on  
23 | that as the conversions that actually have happened and if the OP  
24 | has any observations of the economics of that. But we also, you  
25 | know, just we don't want to fall victim to what all bodies fall

1 victim to is paralysis by analysis. Eventually we just have to,  
2 you know, take the information we have, consider it all and make  
3 the best decision going forward with the aspirational goals of the  
4 city as set forth by the Mayor and Council in the comprehensive  
5 plan with which our zoning has to be non-inconsistent. So thank  
6 you for letting me vent and I look forward to dealing with this as  
7 you said in late September or early October, whatever.

8 CHAIRPERSON HOOD: Well, while we're still thinking  
9 about how we're going to finalize this I didn't know -- I thought  
10 I did a lot of community work but it seems like most of our  
11 hearings Commissioner Shapiro always belongs to a different group.  
12 So now I know he was -- I knew he was an ANC Commissioner. There  
13 was another group that he was in (indiscernible) so I want to  
14 commend you with all your community activism that you're doing,  
15 Commissioner Shapiro. So let me see. Ms. Schellin, can you help  
16 us with some dates. I think everybody's heard what we're trying  
17 to get. We do want to get those correspondence from those who  
18 testified tonight. The Commissioners have asked that the record  
19 stay open longer, so we're looking to taking this up sometime in  
20 October with additional information. But let me throw this in  
21 there to the other Commissioners. Once we get their information,  
22 is there a possible chance that we would have to have an  
23 additional hearing?

24 COMMISSIONER SHAPIRO: Yes.

25 UNIDENTIFIED SPEAKER: Sure.

1 CHAIRPERSON HOOD: Okay. So, Ms. Schellin, if we can  
2 fit all that in there. I don't know how we're going to do it. I  
3 mean I know how we can do it but let's just keep that in mind as  
4 we finalize our path forward. You're on mute, Ms. --

5 COMMISSIONER SHAPIRO: Ms. Schellin, we can't hear you.

6 CHAIRPERSON HOOD: Ms. Schellin, you're on mute. I hope  
7 you weren't saying any bad things about us.

8 MS. SCHELLIN: I was. So if we go ahead and schedule  
9 the additional hearing or the continuation hearing this evening,  
10 then we do not have to go through noticing again and I could put  
11 it on for October 7th as the second case since that first case is  
12 supposed to be very short.

13 CHAIRPERSON HOOD: So can we put -- I don't know how we  
14 do this. Okay. Can we put if needed or do we have to set it?  
15 Because we may not --

16 COMMISSIONER SHAPIRO: Why don't we continue it and if  
17 it's a short hearing, it's a short hearing.

18 CHAIRPERSON HOOD: Okay. Okay. I just was trying to  
19 figure out how to do it. Okay. That's fine.

20 MS. SCHELLIN: And we could --

21 CHAIRPERSON HOOD: I (indiscernible.)

22 MS. SCHELLIN: Okay. We could leave the record open  
23 until say, the 27th of September and then allow OP up until, you  
24 know, just a few days before the hearing, say October 4th to  
25 provide that supplemental report. I mean, are you guys good with

1 | it being that close?

2 |           CHAIRPERSON HOOD: Anybody have any issues with that?  
3 | No issues? No, we don't have any issues, no.

4 |           MS. SCHELLIN: Okay. So the record will be open until  
5 | 9/27 and OP would make their submission by 10/4. I mean  
6 | technically if it's still a hearing, the record is open until the  
7 | close of the hearing so really the record would be open period.

8 |           CHAIRPERSON HOOD: Okay.

9 |           MS. SCHELLIN: But you'd like to have submissions by  
10 | 9/27, so if OP could let those that you asked them to reach out to  
11 | know that, that would be great and we'll put it on for the second  
12 | -- continue this case to the second hearing on the evening or the  
13 | afternoon of October 7th at 4 p.m.

14 |           CHAIRPERSON HOOD: Okay. And I have not seen anybody  
15 | turn their camera on so I guess everything is in order.  
16 | Commissioners, any additional questions or comments for tonight?  
17 | Ms. Schellin, is there anything else before us?

18 |           MS. SCHELLIN: Nothing else.

19 |           CHAIRPERSON HOOD: Okay. So the Zoning Commission will  
20 | meet again July the 1st and the hearing is proposed map amendment  
21 | for the BF Zone which is the Barry Farm zone and that will be this  
22 | coming Thursday at 4 p.m. on the same platform. So I want to  
23 | thank everyone for their -- all the information they provided to  
24 | the Zoning Commission and for their participation tonight and this  
25 | hearing is adjourned, and we will reconvene on October the 7th at

1 4 p.m. Goodnight.

2 (Whereupon, the above-entitled matter went off the  
3 record at 6:08 p.m.)

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C E R T I F I C A T E

This is to certify that the foregoing transcript

In the matter of: Public Hearing

Before: DCZC

Date: 06-28-21

Place: Teleconference

was duly recorded and accurately transcribed under my  
direction; further, that said transcript is a true and  
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