



## ZONING COMMISSION NEEDS HELP FROM ANCs ON HOW TO IMPROVE INCLUSIONARY ZONING TO MAKE HOUSING MORE AFFORDABLE

Prepared by The Committee of 100 on the Federal City

February 2, 2016

As it considers changes to the program known as “Inclusionary Zoning” (IZ), found at Chapter 26 of the Zoning Regulations, the Zoning Commission (ZC) is considering 7 issues and particularly wants advice from ANCs. This program requires developers of medium to large housing projects (10+ units in size) to set aside a portion of the apartments for residents who cannot afford market rate rentals. The ZC is considering changing some aspects of the program. Here is what is being considered:

1. Who should get to live in the subsidized housing? Currently, it's mostly DC residents with incomes above \$61,000 (that's for single person; for 2 person living situation their income level could be almost \$70,000). Should lower income residents (for example singles earning up to \$38,000 and two people earning up to \$43,680) be living in this housing instead of the higher moderate income earners?
2. How much housing is it fair to ask private developers to set aside for DC residents who can't afford the market rate rents? Currently, the Zoning Commission lets developers build higher and wider on a lot in exchange for 8% to 10% of the new building set aside for the residents mentioned in #1 above. So, if there are 50 apartments, 5 of them could be rented

by eligible residents at a lower rent. The Council requires that developments on public land set aside 20% or 30%, if near public transit, of a new building for the residents who can't afford market rates. Is 10% the right set aside for ZC's housing program or should it be more?

3. How much height increase should developers get as compensation for requiring them to set aside some of the new development for DC residents who can't afford the market rate rents? Currently under IZ, developers often can build 10 feet higher and cover more of a lot with building. It's been proposed that developers get 10 additional feet of height and be able to cover the entire lot with building. In low density residential zones, like in R2, lot width requirements have been reduced for IZ projects and the proposal is to reduce widths to 30 ft. in R2 and 15 ft. in R3 and R4 zones. Should developers be able to build on reduced width lots in low density residential neighborhoods? Should developers be permitted to cover the entire lot with taller buildings in all commercial and high-density residential zones and on waterfront lots in exchange for providing some housing for residents as described in #1 above?
4. Should downtown developers be required to set aside some housing for the residents described in #1 above? Currently, the ZC is increasing downtown area three-fold but there are minimal requirements for developers to provide any housing that isn't market rate. The ZC has been permitting more and more height – in some cases only limited by the Height Act – that often simply encourages more market rate housing. Should the ZC begin to require that some downtown housing be set aside for lower income residents as is the practice in the rest of the city?
5. Should a developer be able to buy out of the IZ program that requires him/her to provide lower income renters housing in the new building? Should they be permitted to provide the lower rent apartments somewhere else and still get to build a taller building and fill it with market rate apartments? Currently, the ZC program insists that lower income residents be able to benefit from the transportation, jobs, services, and other attributes that come with

the new building. But developers are pressing to put the affordable housing on another lot farther from their market rate developments. Should this be allowed?

6. Should condo building IZ housing units that aren't sold be available for purchase by the Mayor or Housing Authority and then either rented to residents described in #1 above or leased to non-profits for their members? Currently, the Mayor has authority (last three mayors had authority but none have used it) to buy unsold condo apartments and rent them to eligible low-income persons. Should policy stay the same or be changed to allow unsold units to be used by non-profit's members?
7. Should residents who buy a condo under the IZ program be able to sell the condo at market rates if condo fees have made the unit unaffordable? Should the condo continue to be subject to IZ requirements and offered for sale to a higher income person, for example someone who earns 100% of AMI? Should the seller be able to keep some of the profit, if there is any, if condo is sold or should all of it go back to the program?

*DISCLOSURE: the following question is not included in the proposals the ZC is considering, but we think they should be. We think one reason lower rent apartments don't get used is because they aren't adequate for the families who need them. What do you think?*

8. Should developers decide whether a single person, two people, or larger group or family gets to live in lower rent housing? Currently, the developer gets to decide. If a building is primarily studio and one-bedroom apartments, then only lower income residents who can live in a studio or one-bedroom are eligible to live in that building. This effectively excludes families with children from living in most of the developments now under construction in Washington, DC. Should the housing needs of the lower income renters dictate the size of the units that will be available under IZ program or should developers continue to decide?

## **What does the Committee of 100 support?**

- Lowering income level for eligibility to 50% of AMI;
- Increasing amount of housing units available to lower income residents;
- Keeping developer's height and density bonus where it is;
- Including IZ requirements for downtown residential development projects;
- Allowing lower rent residents to enjoy the benefits of living in economically integrated developments near Metro, jobs, etc. (in other words no buy outs or relocating affordable units somewhere else);
- Expecting the Mayor to help by buying unsold lower income condos and then renting them so that they stay in the inventory for low-income residents. We think there are other DC affordable housing programs through the Housing Production Trust Fund or federally financed programs that non-profits can tap for development;
- Ensuring low income buyers some equity if unit is sold but keep condo in IZ program until there is no longer need; and
- ADDING A PROVISION that developers be required to provide larger apartments to accommodate families.

## **A few facts that we found helpful in considering these changes:**

- The Area Median Income in 2015 was \$109,200. However, the median DC income is \$66, 583, which means half of DC residents earn more than that and half earn less than that.
- \$11, 670 is considered poverty level for a single person, \$23,850 for a family of four.
- 18.6% of DC population lives below poverty level, 28% of DC families live below poverty level and 39% of African American children live in families below poverty level.
- DC metro median rent is \$1,320 (Urban Institute, 2014).
- No more than 30% of income should be spent on housing (widely used standard that is used by DC Department of Housing and Community Development).
- 49% of renters spend more than 30% of income on housing in DC.

- DC lost almost 50% of apartments renting for \$800 or less between 2002-2013 (DC Fiscal Policy Institute).

### What can ANCs do?

The Office of Zoning sent a notice to ANCs of these proposed changes, but most ignored it. The ZC is wondering why. We are guessing it's because the notice was almost incomprehensible: 15 pages and written with cross outs and bolded words and phrases. But the ZC wants to hear specifically from ANCs and has rescheduled the ZC hearing on Inclusionary Zoning:

**The Hearing: March 3 at 6:30PM at 441 4<sup>th</sup> St. NW, Suite 220-South (Judiciary Sq. Metro)**

**The Case Number: 04-33G**

**Sign-Up to Testify: Call 202-727-0789 or email [donna.hanousek@dc.gov](mailto:donna.hanousek@dc.gov)**

**Testimony Time Limit: ANCs get 5 minutes; individuals get 3 minutes**

**Background:** A group of interested organizations -- called the Coalition for Inclusionary Zoning that includes the Coalition for Smarter Growth, AFL-CIO Metro Washington Council, Fiscal Policy Institute, Jews United for Justice, and some others -- submitted these changes on January 7, 2015. Since that time, the Office of Planning has organized lots of meetings and the Deputy Mayor for Planning and Economic Development asked the ZC to postpone consideration of the proposed changes. Who was invited to these meetings? The ZC asked the same question. The answer is developers and building industry reps and the Coalition for Inclusionary Zoning, but no ANCs.

For more information contact:

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