



Testimony before the DC Zoning Commission regarding:

Support for Zoning Case No. 15-01
Highline at Union Market PUD, 320 Florida Ave. NE &
Qualified support for proposed flexibility from some Inclusionary Zoning regulations

By Cheryl Cort, Policy Director
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Good evening, my name is Cheryl Cort and I am the policy director of the Coalition for Smarter Growth (CSG). The Coalition for Smarter Growth is the leading organization working locally in the Washington, D.C. metropolitan region dedicated to making the case for smart growth. Our mission is to promote walkable, inclusive, and transit-oriented communities, and the land use and transportation policies and investments needed to make those communities flourish.

We are testifying in support of this project in general. We are enthusiastic about this project because it takes full advantage of the site's proximity to Metro and bus lines, employment, services and burgeoning new commercial districts. I will spend the rest of my time discussing our qualified support for the proposed partial off-site compliance for Inclusionary Zoning regulations (IZ), and an affordable housing proffer.

First, we want to acknowledge the good faith efforts by the applicant to develop a mutually beneficial IZ compliance deal and affordable housing proffer. Since this agreement is likely to serve as the new benchmark against which Planned Unit Developments (PUDs) subject to IZ will be measured, we ask the Commission to fully consider all the implications and standards established in this case.

Inclusionary Zoning is an affordable housing tool with a unique ability to advance equitable housing access for lower income households to more desirable neighborhoods. If IZ were simply a fee in lieu program, it would act as the Housing Production Trust Fund does, and help build housing in lower cost areas, in areas which would likely have fewer amenities, and less proximity to transit, employment and services. This core benefit of equitable access should be retained as we consider flexibility through a PUD process that trades some equity for efficiency. We recognize that this proposal offers a greater amount of deeper levels of housing affordability that are rare for larger lower income families. These off-site units however, will still retain differently levels of proximity to the site.

The proposal to locate half of a baseline 8% of IZ units off-site, along with additional affordable units off-site has many attractive features. The proposal has several advantages that amount to a better public benefit over a strict adherence to an IZ standard where 8% to 10% of the IZ units are set aside at 50% and 80% Area Median Income (AMI). Under a scenario where all IZ units would be on-site, they would be an average of 604 new square feet units for individuals and two-person households.

The chief benefits to this proposal are the creation of larger units of two and three-bedrooms of a minimum of 1000 square feet, and serving households at deeper levels of affordability – those earning under 50% AMI. The units would be produced in partnership with a non-profit with a proven record of success in serving low income owners. IZ tracks the market, and thus produces mostly small units of studios and one bedroom units. The proposal offers substantially more housing at deeper levels of affordability. According to the applicant's filing, an additional 6000 square feet or 3% net square feet would be provided in addition to the 4% of the IZ units priced at 50% AMI, and 4% of the IZ units priced at 80% AMI that will remain on-site. This offer is a total of 11% of the net square feet (NSF) of the project as affordable, and most of that is under 50% AMI.

The following are more specific comments.

1. **Not all IZ units are located off-site.** Given IZ's intent to build affordability as new housing is built, we like the inclusion of some IZ units on-site.
2. **Enforcement:** We agree with the enforcement provisions that require that if the off-site units are not delivered for occupation by the time the project is ready for a certificate of occupancy, the remaining affordable housing square footage is offered at the project.

However, we are concerned that the fallback obligation offered by the applicant is too low. The offer (in the supplemental PUD filing) is that only 10% of the 8% IZ units would be priced for 50% AMI. It could potentially set a bad precedent. We suggest that the percentage of 50% AMI IZ units be half of 8% or 10% of the GFA, which is likely to be a proffer commensurate with the value the applicant is deriving from the PUD's zoning change, added density and flexibility.

3. **Absence of public subsidies used for any of the affordable units:** Since Habitat for Humanity is not accepting any public funds for its 13 units created in partnership with the applicant, this is consistent with the IZ regulations regarding off-site compliance. This standard should be strictly adhered to for this and all future cases.
4. **The off-site location for the IZ units within the boundaries of ANC 5D is reasonable, but other distance-related requirements should be considered.** The IZ regulations standard of locating the off-site units in the same the Census Tract is particularly limiting for this site because it includes Gallaudet University which consumes a large share of the land area. We agree that locating the off-site IZ units within the boundaries of ANC 5D, which includes four contiguous Census Tracts, and the neighborhoods of Ivy City, Trinidad and Carver Langston, is reasonable for maintaining relative proximity to the neighborhood, major transit routes and services.

The additional flexibility requested for location to allow the proffered affordable units to be located anywhere in Ward 5 is concerning. We prefer that all the units be located in ANC 5D. If the Zoning Commission accepts this geographic scope, an additional requirement should be that the site(s) be located within a quarter mile distance to a regular transit stop.

5. **We ask that the Commission fully account for the added value of not only the increased density due to the rezoning, but the change in use from lower value industrial to higher value residential.** In addition to the added density, the PUD adds value through the change to a higher value use. Recognizing this difference could form the basis for establishing a higher

baseline for IZ and proffered affordable housing. Since the off-site housing is a discretionary way to meet IZ requirements and is not proposed due to economic hardship, we ask that the Zoning Commission consider the commensurate trade of value.

6. **The square footage for the off-site proffered units should be increased to reflect the proportionate trade-off between on-site affordable units close to a Metro station, jobs and services, versus units that will be farther away.** The proposal offers more affordable housing, but is it enough compared to the value given through the PUD process? The total increase in affordable housing falls short of a 50% increase over the baseline IZ requirement. However, we recognize the value of most of it being at a deeper level of affordability. Arlington County's approach to off-site compliance escalates its affordable housing requirement by 50% in this way: the on-site requirement is 5%, nearby off-site is 7.5%, elsewhere is 10%. We suggest a similar escalation for the units that would be located somewhere else in Ward 5. We note that we could not support locating off-site units farther away than the Ward's boundaries. To allow that would severely undermine the balance between IZ's benefits of equitable access versus more housing at deeper affordability levels.
7. **We strongly urge the Zoning Commission to require that all the units are affordable for the life of the building.** The applicant proposes to allow the non-IZ units built off-site to only be affordable for 15 years, per Habitat's covenant. This is despite the off-site IZ units complying with the IZ "life of the building" covenant. The applicant and Habitat will already be executing covenants for more than half of the off-site units with the IZ covenant. We see no reason why all of the proffered units would not be subject to this standard. Habitat doesn't dispute the goal of long term affordability. However, rather than guarantee it with the covenant, Habitat argues that it believes it will be possible to repurchase the units at the end of the 15 year term. To assure long term affordability, we think the IZ covenant standard should be used.

Thank you for your consideration.