

October 27, 2015

Mr. Anthony Hood  
DC Zoning Commission  
441 4<sup>th</sup> Street, NW South, Suite 210  
Washington, DC 20001

RE: General comments Office of Planning's Setdown Report on case number 04-33G by the DC Campaign for Inclusionary Zoning

Dear Chairman Hood:

We are grateful that the Commission is considering how to improve Inclusionary Zoning (IZ). It is urgent that we sharpen IZ to better address our city's growing affordable housing crisis. IZ shows great promise as a tool to produce much-needed affordable housing. However, we are disappointed that the initial design of DC's program has not created a mix of units affordable to both low- and moderate-income households as intended. Instead, most of the units created so far are too expensive for many DC residents in search of a decent home they can afford.

In light of this urgency, we wish to make some general comments about the Zoning Commission's opportunity to strengthen Inclusionary Zoning and DC Office of Planning's Setdown Report. We believe this is an important juncture for the IZ program. Now is the time to enable IZ to fulfill its full potential as a zoning tool that helps meet the needs of lower-income DC households who are increasingly burdened by high housing costs.

### **1. Lower income targeting, especially for rental units**

First and foremost, we support the principle of Option 1B in the Office of Planning's preliminary Setdown Report. Option 1B proposes to split IZ income targeting by rental and ownership, specifically lowering the income targeting for rental to 60% of Median Family Income (or MFI – also until now commonly referred to as “AMI” or “area median income”). This is a better approach than the current IZ rules, which has resulted largely in units affordable at 80% MFI. OP's 1B proposal is consistent with what we recommended in our January 7, 2015 proposal to the Commission.

We applaud OP's proposal to lower income targeting for rental housing to at least 60% MFI. Evidence shows that targeting rental units at 80% MFI doesn't adequately address DC's affordable housing needs. The vast majority of DC renter households burdened by housing costs have incomes well below 80% MFI. We urge the Zoning Commission to lower income targeting to at least 60% MFI for rental housing so IZ can better address the failure of DC's private housing market to provide decent homes affordable to lower-income households.

### **2. Increase bonus density for deeper affordability and increased set asides**

Second, we ask the Commission to consider elements in our original proposal, submitted in January 2015, which are either not addressed or dismissed in the Office of Planning's preliminary Setdown Report. Specifically, the report does not adequately consider the potential of adding bonus density. We ask the Zoning Commission to provide additional bonus density to help offset the costs of deeper levels of affordability, such as 50% MFI, and increased set asides.

We also ask the Commission to consider any increases in density that might be created in future Comprehensive Plan revisions or zoning text amendments as bonus density for the purposes of IZ.

### 3. Include the Downtown Development District (DDD) and Southeast Federal Center (SEFC) Overlays with appropriate conditions

When IZ was originally adopted, the Zoning Commission decided to exclude the DDD and SEFC on the basis that no compensating bonus density was available. We ask the Commission to revisit how the DDD is exempt from IZ. While the new rules for penthouse height and occupation will create some benefit for affordable housing, we ask for a more detailed look at how IZ could apply to the DDD. We have proposed a longer phase-in period for the DDD in order to give land values time to adjust.

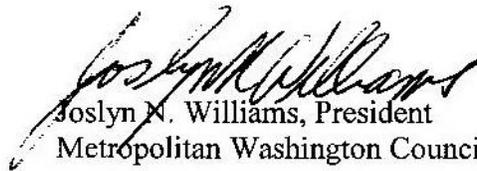
Regarding the SEFC overlay, we want to clarify that a blanket exemption is not necessary. Due to a Development Agreement in place, proposed rental developments in the SEFC must have greater affordability than required by IZ, and therefore would already be in compliance with IZ.

Thank you for your consideration.

Sincerely,



Cheryl Cort, Policy Director  
Coalition for Smarter Growth



Joslyn N. Williams, President  
Metropolitan Washington Council, AFL-CIO

Claire Zippel, Housing Policy Associate  
DC Fiscal Policy Institute

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