

## MAKE DC INCLUSIONARY ZONING TRULY AFFORDABLE

**On March 3: Tell the Zoning Commission to make all rental IZ units affordable at no more than the 60% median family income level**

**IZ is providing lower priced housing units in new residential developments all over the city, but most of the units are too expensive to help DC's households who are being priced out.**

The Campaign for Inclusionary Zoning is leading the effort to change this. We support DC Office of Planning's proposed Option 1B – set all IZ rental units affordable at or below 60% of median family income.

**The IZ program is operational and working, with 767 rental and ownership units produced or in the pipeline.** IZ units are located across the city in buildings close to transit, jobs, and even good schools. The 20% density bonus is offsetting the cost of the lower-priced units. DC's housing production is at a 25-year high.

**IZ produces few truly affordable units.** Eighty-eight percent of IZ units are for moderate income households earning 80% of median income or about \$70,000 for a 2-person household. An 80% median income one-bedroom apartment rents for \$1,640 per month. At this price, it's too close to market rate. Households at this income level simply do not face the kind of housing hardships that lower income residents do.

We can make IZ serve the people it was intended to help by lowering income targeting to no more than 60% of median income, or a 2-person household earning \$52,400 per year. A one-bedroom apartment for this household would rent for \$1,100 a month.

**Testify at the DC Zoning Commission hearing on March 3, 6:30 pm in support case of number 04-33G – Make IZ truly affordable:** The Zoning Commission will hear proposals to change IZ at a public hearing on March 3, 6:30pm, 441 4<sup>th</sup> Street, NW, 2<sup>nd</sup> Floor, South (Judiciary Square Metro – Courthouse exit).

**Support Option 1B:** DC Office of Planning has suggested changing IZ requirements so that all rental units would be priced at 60% median family income, and all for-sale units at 80% median family income. We support this because most IZ units are and will be rental, and currently most are priced for 80% of median income.

### What is Inclusionary Zoning?

It's a national best practice that sets aside 8-10% below-market rate units in most new housing developments. DC adopted its Inclusionary Zoning policy in 2006 and finalized regulations in 2009. The first units arrived on the market in 2011. Currently Inclusionary Zoning:

- ✓ Is mandatory
- ✓ Applies to most new construction with 10 units or more, or any rehab that expands gross floor area by 50%
- ✓ In low rise zones (where developers are building less expensive low rise developments), 10% of the units must be affordable – half to households with incomes at 50% of median income and half for households at 80% of median income
- ✓ In high rise zones (where developers are building more expensive, high rise apartment buildings), 8% of the units must be affordable – half and half to households at 50% and 80% of AMI in residential zones, and all at 80% of AMI in other zones
- ✓ Applies to affordable housing developments getting certain federal or DC subsidies only after the subsidy period expires.

## How to testify for Zoning Case No. 04-33G: Make Inclusionary Zoning Affordable

before the DC Zoning Commission on March 3, 2016, 441 4th St, NW, 2nd Floor, South (Judiciary Square Metro)

**Sign up to testify in advance** (it's recommended, but you don't have to)

1. In person: use our signup form [here](#) to testify and get help preparing testimony.
2. Submit written comments with Subject header: "Support for Case No. 04-33G - YOUR NAME": If you are not testifying in person, you should email your comments *by March 3* to the Zoning Commission to: [zsubmissions@dc.gov](mailto:zsubmissions@dc.gov). The Commission asks that you email comments by signing them & sending them as a [PDF not more than 10 pages](#), but they also accept regular emails.

### What to expect

- You have three minutes to testify.
- State your name and that you generally support what's being proposed – "I support Zoning Case No. 04-33G. Please make Inclusionary Zoning more affordable."
- Tell your story - I'm here because as a long time/new DC resident, I am deeply concerned about housing affordability...
- Talking Points –
  - I ask that the commission require that all rental IZ units be affordable at 60% of median family income.
  - This is needed because most IZ units are too expensive and aren't serving the people they were intended to serve.
  - This is feasible because using the strength of DC's housing market and value created through the IZ program's density bonus is a logical way to have the private housing market help make the city more inclusive.
  - Other talking points -- continue the good parts of IZ, such as permanent affordability to build a stock of affordable homes that last; keep strict rules allowing units off-site (even if we can allow them to be a little more flexible); clarify that some IZ units can be bought by the Mayor or designated nonprofits in order to lease the unit so a family at a lower income level can live there.
- If you want to make suggestions for how something can be better, be sure to always declare your overall support, and then say your suggestions to make it even better.
- It's a formal proceeding but the commissioners are very respectful of all the people who make the effort to come out to testify and they generally listen attentively to what you have to say. Always be polite and formal, and only speak for your allotted 3 minutes. Only answer questions if the commissioners ask you something directly. You don't get to ask questions of the commissioners or anyone else. But it's not likely that you will be asked questions.
- You may see requests to bring multiple copies of your testimony to the meeting. Don't worry about this if it's a burden. If you can make multiple copies – make 7-10. We strongly encourage you to submit at least one copy of written testimony.

### Suggested testimony format:

Testimony before the DC Zoning Commission  
Regarding Support for Zoning Case No. 04-33G – Making IZ affordable  
by YOUR NAME, ADDRESS...  
March 3, 2016

Good evening, my name is...

## **How IZ fits in to DC's overall efforts to address its housing needs**

**Inclusionary Zoning is an important part of DC's affordable housing continuum, producing new affordable housing units often in locations that are high cost and highly competitive. The housing is created without using subsidy from the Housing Production Trust Fund (HPTF) or other scarce public resources.** In minimizing the direct subsidy needed to produce homes affordable to moderate and low income households (earning 50% and 80% of area median income), the city maximizes the amount of subsidy available to produce housing for very low and extremely low income families. It is important that the city be able to focus its direct subsidy funds on assisting the lowest income families because they face by far the greatest housing challenges. Ideally, DC would utilize IZ and other off-budget approaches such as public land dispositions and alley closings as much as possible because they do not have a direct financial cost to the city.

**Until recently IZ was the only DC affordable housing program that guaranteed permanently affordable units.**

Fortunately, the [public land disposition bill](#), which was passed in late 2014, will also guarantee permanent affordability for the units produced under that program. Permanent affordability is not just important for rental units, but also for homeownership where affordability policies like what we have in IZ and public lands can more than double the number of homeowners assisted over time from the same initial investment.

**IZ is creating affordable units in DC neighborhoods where it would otherwise be extremely difficult to produce.** A rental building under construction at 5333 Connecticut Avenue in Chevy Chase will have 19 IZ units, 10 of them affordable to households with incomes at 50% of area median income.

**Development of housing in DC is booming, not stifled by IZ, as its critics claimed it would prior to its adoption.** In fact, DC is building more than ever. The number of building permits issued outpaces the previous boom period of the mid-2000s.

**IZ cannot easily create units for extremely low income households (30% of area median income) because it is very difficult to finance those developments using just zoning tools.** At that income level, developments need capital and/or rental subsidies, and in some cases services subsidies to make them affordable and sustainable to extremely low income households. IZ can, however, relieve pressure on the market by creating units that moderate and low income households can afford. Moderately-priced IZ units can expand options for households who otherwise would outcompete lower income residents for low priced homes. In addition, IZ can do more at the lower end of the income range if the Mayor, DC Housing Authority, and nonprofits could more easily buy IZ units, then add rental and/or services subsidies and make them available to extremely low income households.

**DC's Department of Housing and Community Development increased staffing and revised administrative procedures to ease sticking points like the program's lottery system in order to improve program administration.**

**The IZ program sets a high condo fee cost assumption and subsequently lowers the sales price of the condo unit to better protect the IZ buyer from higher fees.** Affordable dwelling units (ADUs) that pre-date IZ units have had problems with high condo fees in some cases. In current proposals, DC Office of Planning has recommended additional approaches to protect condo owners should condo fees make a unit too expensive.

## DC Campaign for Inclusionary Zoning

### Next Steps

**Public Hearing on March 3, 2016 at 6:30 pm, 441 4<sup>th</sup> St, NW** (Judiciary Square Metro) – The Zoning Commission will hold a public hearing to consider changes to IZ. Following this, the Commission will decide what changes are needed and enact them. After this, the new rules will take some time to go into effect depending on what rules it agrees on for grandfathering projects in the pipeline.

**DC Zoning Commission** – While the DC Zoning Commission has the authority to create and revise the IZ program, it relies on the staff and analytical support of the Office of Planning, an executive office of the Mayor. The Zoning Commission has requested that Office of Planning provide recommendations for potential revisions to IZ. After more than 2 years, Office of Planning proposed preliminary recommendations in a July 3, 2015 report (the Setdown Report), but the Bowser Administration has delayed submitting a final report and asked the hearing by the Zoning Commission to be delayed twice. The Commission has stated that the March 3, 2016 will be the last time it delays considering this case and vowed to hear the case on that date.

**Campaign for Inclusionary Zoning** – The Campaign submitted formal recommendations to the Zoning Commission for changes to the IZ regulations (Zoning Case No. 04-33G) in early 2015. In response, Office of Planning provided its own recommendations in its July 2, 2015 Setdown Report, and conducted a series of stakeholder meetings to discuss the status of implementation of IZ, the economic impact of IZ on housing development, and how different affordability requirements to IZ would affect the economics of housing development.

The Campaign is currently urging the Mayor to support setting rental IZ units to be affordable at 60% median family income and ask the Zoning Commission to expedite its efforts to revise and strengthen IZ.

The **Campaign for Inclusionary Zoning** is: Metropolitan Washington Council of the AFL-CIO, Coalition for Smarter Growth, Jews United for Justice, DC Fiscal Policy Institute, People's Consulting, Somerset Development, City First Homes, and PolicyLink.

Questions? Contact Cheryl Cort, [Cheryl@smartergrowth.net](mailto:Cheryl@smartergrowth.net), or Claire Zippel, [CZippel@dcfpi.org](mailto:CZippel@dcfpi.org).  
Learn more about DC Campaign for Inclusionary Zoning at <http://www.smartergrowth.net/IZ/>