



July 14, 2020

Mr. Andrew Trueblood, Director
DC Office of Planning
1100 4th St SW, Washington, DC 20024
via email: Julianna.jackson@dc.gov

RE: Support for Expanded Inclusionary Zoning, Zoning Case No. 20-02 for OP Virtual Roundtable for July 15, 2020

Please accept this letter on behalf 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 appreciate the opportunity to comment on the proposed Expanded Inclusionary Zoning concept. We are a part of a larger group of housing advocates who are supporting this proposal and have signed on to a joint letter submitted separately.

The Coalition for Smarter Growth agrees that the time is right to look to new applications for Inclusionary Zoning. While the policy is not perfect, it has provided clear, tangible benefits that are well worth the effort to implement it. We are grateful that the Zoning Commission revised the requirements in late 2016, providing rental IZ units for households earning 60 percent MFI. Since IZ was launched in 2009, it has made important contributions to our city by providing affordable homes in most new developments and providing nearly all of the new affordable housing built West of Rock Creek Park in many years. Coinciding with the start of IZ has been a sustained, steep increase in overall housing production in the District, demonstrating that IZ can take advantage of a strong housing market, while allowing market rate production to expand. From 2011 to 2018, 792 IZ units were produced, distributed across all eight wards.

The stark racial inequities of the District have been spotlighted during the Coronavirus pandemic and economic crisis, which has disproportionately sickened and killed African American and Latinx residents, cost jobs, and placed many at risk of homelessness. Severe housing cost burdens are faced by very low income District households, who are most likely to be African American. At the same time the District has significant shortfalls of housing affordable to households earning 50 percent of MFI and below.¹ By providing lower priced housing opportunities across the city, IZ is making a contribution to undoing a legacy of redlining, racial segregation and other discriminatory practices that have led to today's disparities in wealth, health and housing security for so many Black and brown households.

¹ Crawford, D. (2020, February 5). [Affordable Housing: All Residents, Especially Longtime Black and Brown Native DC Residents, Have a Safe and Affordable Place to Call Home](#). DC Fiscal Policy Institute.

Given IZ's success and DC's dire need, we welcome the expansion of IZ to the rezoning process. Property owners who rezone their property to a zone that permits more housing can share the benefit with the public by providing a larger set aside of IZ units.

Pertaining to the specific proposals in the roundtable notice:

First, we strongly support expanding the current IZ regulations to capture the value created in rezoning properties that add buildable area.

- Specifically, we support Expanded IZ as a tool for increased IZ set asides in zoning map amendments, which typically occur in a rezoning. In the future, such rezonings are likely to be generated due to increased housing capacity as proposed in the draft Future Land Use Map (FLUM) which is currently under consideration at the DC Council.
- We support application of the IZ regulations with the proposed FAR formula for increased set asides, but we must vet the financial feasibility of the requirements to ensure the public benefits are balanced with the private benefits of the upzoning. We also ask OP to consider the feasibility of set asides higher than 20 percent for IZ FAR.
- We recommend creating a 50 percent of MFI option for IZ rental units, potentially using a formula that reduces the IZ FAR by a proportionate amount to reflect the costs of deeper affordability. We recognize this recommendation could be a financial challenge, but we encourage the OP to thoroughly evaluate it.
- We recommend that the Office of Planning assess how to obtain 3 and 4 bedroom IZ units through expanded IZ to serve larger IZ-eligible families.
- We also support Expanded IZ when changing a property from PDR to a zone that generally permits residential use. We support the proposed set aside of *at least* 20 percent for Expanded IZ, as determined by a financial feasibility assessment.

Our rationale:

- **Value recapture:** Expanded IZ is a public value recapture mechanism for the increased density and value that will be created by rezonings. Given that the District is considering creating new housing capacity in the Future Land Use Map (FLUM), it's good timing to ensure public value recapture, as more rezonings will be facilitated by the amended FLUM.
- **Requirements for increased affordability need to be generally offset by value from rezoning:** The scale of the added density should be such that it both offsets the cost of the new IZ requirement and incentivizes landowners to request the upzoning. If the affordability requirement is too high, upzonings will not occur, and no additional affordable housing will be financed or built. Conversely, we should not give too much new value to the property owner because that is lost public value that could have subsidized housing affordability and potentially inflates the price of the land.

In addition to our support for pursuing Expanded IZ as a tool in rezonings, we wish to request assessment of another option to use zoning to spur more affordable housing construction. We request a new option that provides the PUD level of density of a base zone, or roughly 40 percent of the base. The affordability set side could be 20 percent at or below 60 percent MFI. The affordability term should be the life of the development.

The permitted density in the PUD level of a specific zone theoretically provides a 40 percent density bonus above baseline matter-of-right zoning. However, due to recent court rulings, traditionally conducted PUDs may no longer be a feasible tool in many cases for providing mixed-income and affordable housing. A process that provides a PUD level of density, or a PUD that is simply an affordable housing PUD, would provide the 40 percent density of the zone in exchange for the affordable units. This would encourage affordable housing development and avoid the risks and costs of a traditional PUD or rezoning process. This approach could potentially be paired with other subsidies such as Low Income Housing Tax Credits, with set asides of between 20 to 100 percent of the units in the development at affordable levels.

Last, we note that while we should continue to use every potential zoning tool we can, we acknowledge that funding to subsidize and operate affordable housing will always be critical, especially for extremely low-income households. So let's refine these zoning tools we are discussing today, and continue to fight for more funding.

Thank you for your consideration. We look forward to assisting the Zoning Commission and Office of Planning in assessing and refining these ideas into effective regulations.

Sincerely,

A handwritten signature in black ink, appearing to read 'Cheryl Cort', with a stylized flourish at the end.

Cheryl Cort
Policy Director