Welcome to Tuesdays at APA|DC
November 15, 2016

Inclusionary Zoning in DC
APA Resources

Planning Magazine

- “Squeezed Out: Tackling New York City's Affordable Housing Crisis” (July 2014)
  https://www.planning.org/planning/2014/jul/squeezedout.htm

- “Seattle Shifts Its Affordable Housing Policy” (January 2015)
  https://www.planning.org/planning/2015/jan/webonlyaffordablehousing.htm

APA Policy Guides

- APA Policy Guide on Housing
  https://planning.org/policy/guides/adopted/housing.htm
I ❤ PLANNING

planning.org/tuesdaysatapa/dc
Tuesdays at APA
Inclusionary Zoning in DC
November 15, 2016

1800 Martin Luther King, Jr. Avenue, SE
Washington, DC 20020
(202) 442-7200/www.dhcd.dc.gov
Agenda

- INTRODUCTION
- INCLUSIONARY ZONING
  - BACKGROUND/HISTORY
  - DETAILS/PROCEDURES
  - CURRENT STATS/PROJECTIONS
  - PROPOSED CHANGES
- ADUS
- OTHER DHCD PROGRAMS
- Q & A
What is Inclusionary Zoning?

- Land use regulation requiring affordable set-asides in market-rate developments
- Bonus density offered in exchange
- Targets low- and moderate-income households
- Mandatory policy in the District
- Also used in Fairfax and Montgomery Counties
Inclusionary Zoning Goals

- Produce affordable housing for a diverse labor force
- Create mixed-income neighborhoods
- Connect low- and moderate-income families to high-opportunity areas
- Increase homeownership opportunities for all income levels
Inclusionary Zoning

Relevant Law and Regulations

• **Inclusionary Zoning Implementation Act of 2006**
  • D.C. Code Section 6-1041.01 et seq. (effective 3/14/07)

• **Zoning Regulations** (Inclusionary Zoning)
  • 11 DCMR 2600 et seq. (effective 3/14/08)

• **Administrative Regulations** (Inclusionary Zoning)
  • 14 DCMR 2200 et seq. (effective 12/11/09)
IZ Applicability

- Most residential and mixed-use/comm. zones
- 10 or more dwelling units
- New developments, or
- Existing developments increasing gross floor area by 50+%  
- Zoning and construction type determine set-aside
IZ Development Standards

• Same proportions as market rate units

• Comparable interiors and exteriors

• Even distribution throughout building

• Minimum square footage requirements

• Bedroom definition: must have window
IZ Income Levels

<table>
<thead>
<tr>
<th>Household Size</th>
<th>50% of Area Median Income</th>
<th>80% of Area Median Income</th>
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<tr>
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<td>$60,060</td>
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<td>6</td>
<td>$64,200</td>
<td>$65,520</td>
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IZ Price Schedules

### Maximum Allowable Rent – Multi-family Developments

<table>
<thead>
<tr>
<th>Number of Bedrooms</th>
<th>50% of Area Median Income</th>
<th>80% of Area Median Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>$936</td>
<td>$956</td>
</tr>
<tr>
<td>1-bedroom</td>
<td>$1,003</td>
<td>$1,024</td>
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<tr>
<td>2-bedroom</td>
<td>$1,204</td>
<td>$1,229</td>
</tr>
<tr>
<td>3-bedroom</td>
<td>$1,404</td>
<td>$1,433</td>
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</table>

### Maximum Purchase Price – Multi-family Developments

<table>
<thead>
<tr>
<th>Number of Bedrooms</th>
<th>50% of Area Median Income</th>
<th>80% of Area Median Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>$115,800</td>
<td>$117,500</td>
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<tr>
<td>1-bedroom</td>
<td>$114,200</td>
<td>$116,200</td>
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<tr>
<td>2-bedroom</td>
<td>$119,800</td>
<td>$119,800</td>
</tr>
<tr>
<td>3-bedroom</td>
<td>$138,400</td>
<td>$141,300</td>
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</tbody>
</table>
Inclusionary Zoning

Max Allowable Rent/Price =

Base Rent/Price + Utilities + Other Housing Expenses

• **Max Rent**: uses estimated utility expenses

• **Max Purchase Price**: uses estimated interest rates, condominium/HOA fees, insurance and taxes
Housing Costs

Monthly Housing Costs cannot exceed:

• **41%** of monthly household income for **Owners**
• **38%** of monthly household income for **Renters**

Example:

• Rent + Utilities = $1,150, Annual Income = $40,000
• $40,000 x 38% = $15,200 / 12 Months = $1,267
• $1,267 > $1,150
• Household can afford this Housing Cost
IZ Registry

• Applicants register on the online system

• Registered Applicants are placed on either:
  
  — District List (applicants who live or work in DC)
  
  — Miscellaneous List

• Households must attend a two hour Orientation Session, as part of the selection process prior to income certification
Selection Process (Lottery)

• NOA is submitted to DHCD
• DHCD issues the maximum rent/sales price to the developer
• DHCD sends email blast to confirm interest of households
• Lottery conducted within 17 days of issuance of NOA
• Households have 45 days to submit required documentation
• Households have 60 days to sign lease or contract
• Households may not have an ownership interest in any other housing or must divest the interest by the time they close on the purchase of a unit or sign a lease
Selection Process (Lottery)

- Owner markets to selected Households (HHs)
- HH eligibility certified by an approved Certifying Entity
- HHs are ranked by DC residence, employment in DC, and time on lottery list
- Highest ranked, certified HH is able to rent/buy unit
- Owner notifies DHCD when HH is chosen to rent/buy
- No DC Transfer Tax for sales of IZ Units
Inclusionary Zoning

Required IZ Documents for Selected Households (HHs)

• Rental IZ Units:
  o Declaration of Eligibility
  o Certification of Income, Affordability, and Household Size by Certifying Authority
  o Lease Rider

• For-Sale IZ Units:
  o Declaration of Eligibility
  o Certification of Income, Affordability, and Household Size by Certifying Entity
  o Mortgage pre-qualification or pre-approval
  o Signed purchase contract w/ Closing Disclosure (after purchase)
Statistics/projections

Inclusionary Developments and Units by Fiscal Year

Completed: 52 Developments, 397 Units
Where are we going from here?

- ZC changes
- New statute and regulations
- Review/revise forms, processes, procedures
- New staff
- Upgrade database
Affordable Dwelling Units (ADUs)

- Similar to IZ, but not as heavily regulated
- an umbrella term applied to the for-sale and for-rent homes that are locally restricted for occupancy by households whose income falls within a certain range and are generally offered at a below-market rate
- do not include for-sale and for-rent homes that are federally restricted (e.g. HOME, LIHTC, CDBG) or developments funded through HPTF
- generally produced in exchange for zoning relief, tax incentives, public financing, and/or the right to purchase or lease District-owned land
## ADU Development Activity by Ward

### Total Number ADU Units: 1,684

<table>
<thead>
<tr>
<th>WARD</th>
<th>ADU Properties</th>
<th>ADU Units</th>
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<tr>
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<td>20</td>
<td>294</td>
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<tr>
<td>Ward 2</td>
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<td>199</td>
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<tr>
<td>Ward 3</td>
<td>4</td>
<td>33</td>
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<tr>
<td>Ward 4</td>
<td>2</td>
<td>44</td>
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<tr>
<td>Ward 5</td>
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<td>Ward 7</td>
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<td>198</td>
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<tr>
<td>Ward 8</td>
<td>2</td>
<td>29</td>
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The mission of the DC Department of Housing and Community Development (DHCD) is to produce more affordable housing, preserve and sustain affordable housing and ensure the infrastructure and resources needed to house future residents.

To Achieve this We:

- Developed a coordinated housing strategy plan among DC housing agencies
- Increased funding for affordable housing
- Engaged in strategic planning around homelessness
As part of Mayor’s commitment to affordable housing the FY16 and FY17 budgets dedicated $100 million per year for the Housing Production Trust Fund.

The “DC Housing Preservation Strike Force”, a one year action group consisting of 17 members, from both the private and public sectors.

“Homeward DC”, DHCD uses various funding opportunities to support the charge that by 2020, homelessness in the District will be a rare, brief, and non-recurring experience.
DHCD provides about 14 programs and services to residents, non-profits, small business owners, developers and community leaders throughout the District. These programs and services create housing opportunities for District residents, preserve valuable resources throughout the city, and ultimately build enduring communities where we can live proudly for decades to come.

- Development Finance Division (DFD)
- Property Acquisition and Disposition Division (PADD)
- Housing Regulation Administration (HRA)
- Residential and Community Services Division (RCSD)
Financing Affordable Multifamily Rental, Homeownership and Community Facilities

Development Finance Division (DFD)

- Provides funding for rental, homeownership and community facility developments
- Plays a prominent role in helping DHCD achieve its annual multifamily housing production goals
Local Funding

- Housing Production Trust Fund (HPTF)
- DC Low Income Housing Tax Credit (Pilot, coming soon)

Federal Funding

- Community Development Block Grant (CDBG)
- HOME Investment Partnership Program (HOME)
- Low Income Housing Tax Credit (LIHTC)
Property Acquisition and Disposition Division (PADD)

- Stabilizes neighborhoods by decreasing the number of vacant and abandoned residential properties

- Transforms these vacant and/or abandoned residential properties into homeownership opportunities for DC residents at all income levels
# PADD Inventory

**Citywide Inventory:** 162  
Total Number of Lots: **130**  
Total Number of Buildings: **32**

## Overall Inventory by Wards

<table>
<thead>
<tr>
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<th>Lots</th>
<th>Buildings</th>
<th>Total</th>
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<tbody>
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<td>Ward 2</td>
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</tr>
<tr>
<td>Ward 3</td>
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</tr>
<tr>
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</tr>
<tr>
<td>Ward 6</td>
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<tr>
<td>Ward 7</td>
<td>37</td>
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<tr>
<td>Ward 8</td>
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<tr>
<td>Total</td>
<td>130</td>
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<td>162</td>
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### PADD Dispositions Overview

**Active Solicitations for Offers: 6**
- Total Number of Properties: **30**
- Total Number of Lots: **24**
- Total Number of Buildings: **6**

### Active Solicitations for Offers by Wards

<table>
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<tr>
<th>Wards</th>
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<th>Buildings</th>
</tr>
</thead>
<tbody>
<tr>
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<td>0</td>
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<tr>
<td>Ward 2</td>
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<tr>
<td>Ward 3</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>24</strong></td>
<td><strong>6</strong></td>
</tr>
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Regulation of Rental and Homeownership Units

HOUSING REGULATION ADMINISTRATION (HRA)

- Administers residential housing regulations relating to condominium and cooperative conversions, rent adjustment procedures, licensing and other related matters

- Comprised of the Inclusionary Zoning (IZ), Affordable Dwelling Unit (ADU), Rental Accommodations Division (RAD), Rental Conversion and Sale Division (CASD), Rental Housing Commission (Commission), Housing Provider Ombudsman (HPO) and Housing Resource Center (HRC)
Rental Accommodations Division (RAD) - Administers the rent control program, and processes eviction notices and applications.

Rental Housing Commission (RHC) - The Rental Housing Commission, comprised of three (3) Commissioners, decides appeals of rent control cases from the Rental Accommodations Division and the Office of Administrative Hearings; publishes the annual consumer price index rent increase; and issues, amends and rescinds regulations for the Rental Housing Act of 1985, as amended.

Rental Conversion and Sale Division (CASD) - Protects tenants from displacement due to the conversion, transfer or sale of rental housing through the Tenant Opportunity to Purchase Act (TOPA). TOPA insures that before a landlord of an apartment building may sell, recover possession, issue a notice to vacate for demolition purposes, or discontinue housing use, the landlord must give tenants an opportunity to purchase the building at fair and equitable terms.
**Housing Provider Ombudsman** - Serves as a resource for small housing providers to apprise them of DC’s housing laws.

**Inclusionary Zoning (IZ)** - requires that a certain percentage of units in a new development or a substantial rehabilitation that expands an existing building set aside affordable units in exchange for a bonus density.

**Affordable Dwelling Units (ADU)** - is an umbrella term applied to for-sale and for-rent homes that are locally restricted for occupancy by households whose income falls within a certain range and are generally offered at a below-market rate.

**Housing Resource Center (HRC)** - Provides counter services to stakeholders and conducts meetings and training sessions for residents. Community Based Organizations, the Advisory Neighborhood Commissions, and private groups utilize the HRC to conduct trainings, information sessions and meetings. University Legal Services maintains an office in the facility and provides free counseling services to homeowners, homebuyers and tenants on various topics.
Residential and Community Services Division (RCSD)

• Provides funding for programs focused on housing needs and neighborhood revitalization

• Works through Community Based Organizations (CBO)

• Creates new homeownership opportunities, preserves existing homes, helps homeowners retain their homes, and provides assistance to small businesses

• Provides services to low and moderate income households and commercial corridors throughout the District
Programs for Homeowners, Seniors and Small Business Owners

Homeownership

- **The Home Purchase Assistance (HPAP)** - Provides interest-free loans and closing cost assistance to eligible first time homebuyers to purchase single family houses, condominiums, or cooperative units.

- **The Employer Assisted Housing Program (EAHP)** - Provides assistance to employees of DC Government who are purchasing a home in the District for the first time.

- **The Negotiated Employee Assistance Home Purchase Program (NEAHP)** - Offers financial assistance to District Government employees who are members of a participating union organization for the purpose of purchasing a home in the District.

**Lead Safe Washington** - Provides funds to identify and control lead-based paint hazards in eligible single and multi-family properties.

**Single Family Residential Rehabilitation** - Provides loans and grants for home repairs for DC building code violations; removes threats to health and safety, including lead based paint hazards; and removes barriers to accessibility for persons with mobility or other physical impairments.
Neighborhood Based Activities (NBA) - supports a core component of DHCD’s mission to create affordable housing and revitalize communities, by working closely with the Community Based Organizations (CBOs), which provide comprehensive housing counseling services, small business technical assistance and façade improvement opportunities.

- **Housing Counseling** - Trains and counsels residents on pre-purchase, foreclosure prevention or mitigation, credit counseling, home/budget management, homebuyers clubs, relocation and provides tenant education.

- **Small Business Technical Assistance** - Provides technical assistance and training for small businesses.

- **Façade Improvements** - Develops storefront façade improvements in low/moderate income areas.
Useful Resources

✓ **http://dhcd.dc.gov/** is DHCD’s main website.

✓ **DCHousingSearch.org** is a FREE affordable housing listing and search engine, where you can find everything from accessible homes to affordable rental and for-sale homes within the District of Columbia. Users can also find helpful resources such as renter’s rights information, assistance programs, and an affordability calculator.

✓ **Housing Resource Center** provides counter services to stakeholders and conducts meetings and training sessions for residents.
  
  o Residents can visit the **DHCD Housing Resource Center**, located on the first floor at **1800 Martin Luther King, Jr. Avenue, SE, Washington, DC 20020**.

  o The DHCD Housing Resource Center can be reached via phone by calling **(202) 442-9505**.
IZ Staff

IZ Office – main phone number (202) 442-7221

- Sandy Cooke - Program Assistant
  Direct number: (202) 442-7156
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  Direct number: (202) 442-7168
  Email: gene.bulmash@dc.gov
• Questions and Answers

• Thank You