Implementing Inclusionary Zoning:
Review of Zoning & Administrative Regulations

Department of Housing & Community Development

Department of Consumer & Regulatory Affairs

Office of Planning

Zoning Review

- Applicability

- Set Aside

- Income Level

- Bonus Density & Flexibility

- Development Standards

- Relief

Applicability

- New Construction of 10 or more units

- Additions that expand a building's residential FAR by 50% or more and adds 10 or more units

- Most Residential and Mixed-Use/Commercial Zones
  - R-2 to R-5-D
 - C-1 to C-3-C
  - CR, SP, & W

Applicability

- **Exemptions**
  - Uses: Dormitory, Hotels, Diplomatic Housing, Boarding/Rooming houses, CBRF
  - Geographic:
    - Zones: C-4, C-5, R-5-E, M & CM
    - Overlays: DD, TDR, SEFC, NO/C-2-A, ES
    - Historic Districts: Georgetown W-2, Anacostia R-3
  - Projects:
    - PUDs set down for public hearing prior to the effective date
    - BZA orders published prior to effective date
    - Building Permit issued prior to the effective date

Geographic Area

IZ is not mapped like an overlay zone, but applicable in appropriate zone districts

Legend:
- IZ Applicable Zone Districts
- IZ Exempted Areas
- IZ Not Applicable
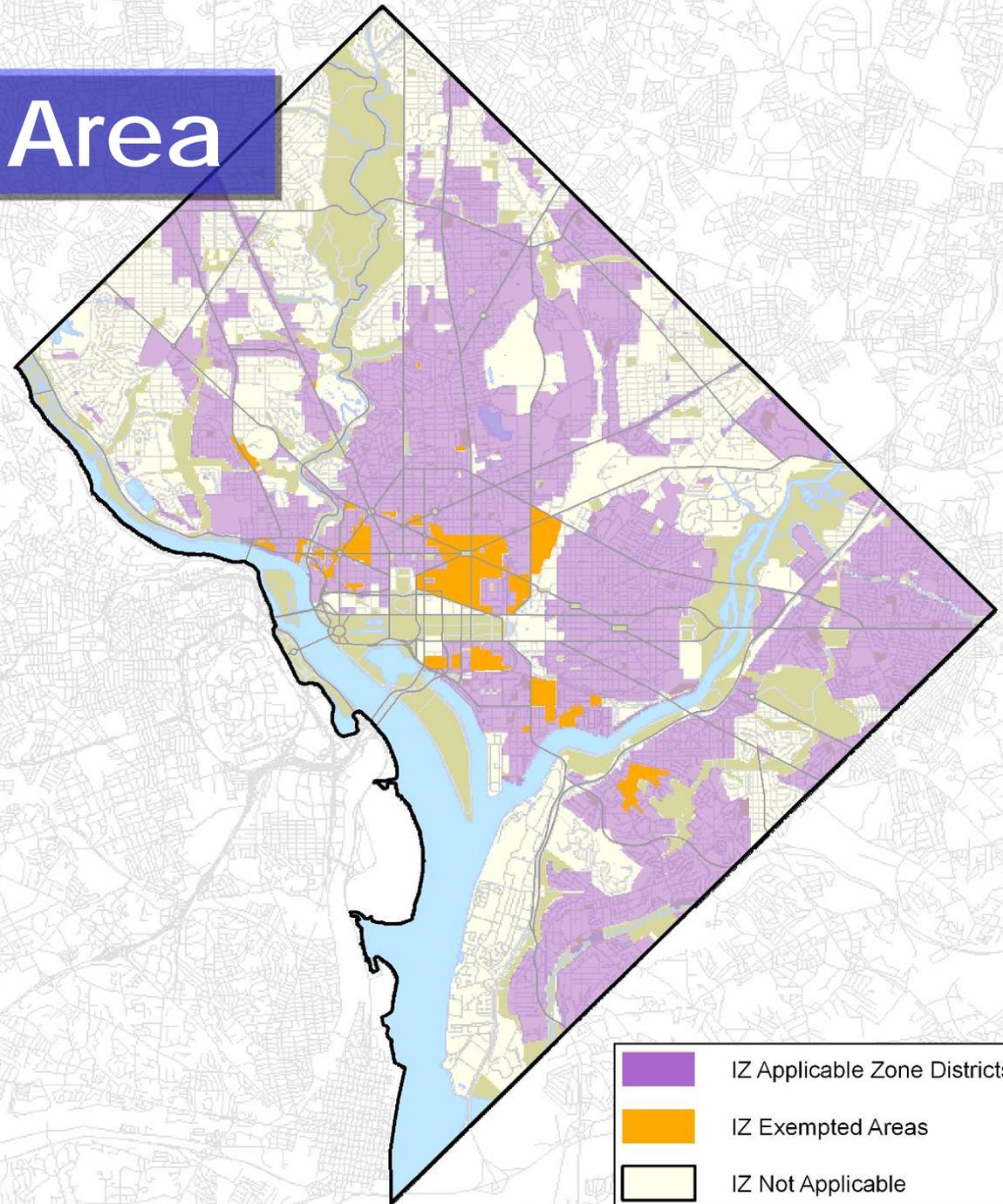
Income Levels

- IZ targets households earning less than 50% of AMI and between 50% and 80% of AMI depending on zoning and construction type

- Current income levels according to family size are based on HUD's 2009 AMI for the region of $102,400

Household Size		Maximum Household Income	
		50% of AMI Units	80% of AMI Units
1		$35,950	$57,500
2		$41,100	$65,750
3		$46,200	$73,950
4		$51,350	$82,150
5		$56,500	$90,400
6		$61,600	$98,600

Affordability Set-Aside

The Greater of 8% to 10% of the residential use or 50% to 75% of the bonus density achieved depending on zoning and construction type

Density/Construction Type		Zoning Categories	
		Residential Zones (R-2 to R-5-D)	All Other Zones (C, CR, SP, & W)
Low Density Zones (R-2 to R-5-B, C-2-A, W-1) (Stick built Construction)	% of Units Required	Greater of 10% of residential FAR or 75% of the bonus density	Greater of 10% of residential FAR or 75% of the bonus density
	Target Households	Units set aside split evenly between 50% and 80% of AMI	Units set aside split evenly between 50% and 80% of AMI
Higher Density Zones (R-5-C & D, C-2-B to C-3-C, W-2 & 3, CR & SP) (Steel & Concrete Construction)	% of Units Required	Greater of 8% of Residential FAR or 50% of the bonus density	Greater of 8% of Residential FAR or 50% of the bonus density
	Target Households	Units set aside split evenly between 50% and 80% of AMI	Units set aside for 80% of AMI

Price & Rents

- Monthly housing costs limited to 30% of benchmark income

- Actual rents are adjusted by utility expenses

- Price schedule is adjusted by interest rates, condo fees, insurance and taxes

Number of Bedrooms	50% of AMI Units		80% of AMI Units	
	Maximum Allowable Rent	Maximum Purchase Price	Maximum Allowable Rent	Maximum Purchase Price
Studio	$ 899	$ 108,000	$ 1,438	$ 192,000
1	$ 1,027	$ 118,300	$ 1,643	$ 214,200
2	$ 1,155	$ 120,800	$ 1,849	$ 228,700
3	$ 1,412	$ 181,300	$ 2,259	$ 277,100

Note: Prices above reflect national average interest rate for loans of 5.08% as published by the Federal Housing Finance Board on March 26, 2009.

Bonus Density

- Projects receive a 20% bonus density to balance affordability requirements

- Certain zones have different height and lot occupancy standards to accommodate bonus

Base Zone	Matter-of-Right Zoning Constraints			IZ Zoning Modifications	
	Lot Occupancy	Zoning Height (feet)	FAR	Lot Occupancy	Height (feet)
CR	75%	90	6.00	80%	100
C-2-A	60%	50	2.50	75%	50
C-2-B	80%	65	3.50	80%	70
C-2-C	80%	90	6.00	80%	90
C-3-A	75%	65	4.00	80%	65
W-1	80%	40	2.50	80%	50
W-2	75%	60	4.00	75%	80
W-3	75%	90	6.00	80%	100
SP-1	80%	65	4.00	80%	70
SP-2	80%	90	6.00	90%	90

Development Standards

- Proportion of affordable studios and 1-bedrooms may not exceed market rate proportion

- Exteriors must be comparable to market rate units

- Interiors must be comparable but may be of less expensive materials

- Units may not be overly concentrated on a floor

- Administrative regulations require units to be a certain minimum size

Relief Provisions

- Off-site by special exception for Projects:
  - With exceptionally high condo fees, or
  - With expensive or specialized social services, or
  - Rental use is no longer economically feasible
- Full or partial relief if applicant can prove IZ denies economically viable use of the land

Administrative Process

- Certificate of Inclusionary Zoning Compliance [CIZC]

- Notice of Availability

- Application submittal as Supplement to Building Permit application with $250 fee

- Plans must show IZ Units, Unit Identifiers (eg Apt #101), Schedule of Equipment and Finishes

Expedited Permit Process

- Development Ambassador Program [DAP]

- Facilitate and Coordinate Reviews

- Include any BZA or ZC Orders

DHCD Administrative Overview

- Notice of Availability (NOA)
- Housing Locator Registration
- Lottery Registration
- Lottery Selection
- Marketing & Income Verification
- Closing Procedures
- Reporting Requirements

Lottery Process

- Applicant registry – self certify information

- Selection criteria – AMI, HH Size, preferences (DC resident or employed in DC)

- DC holds lottery and notifies Applicants

  - Exception to lottery if – Right to return, replacement unit in New Communities, sold to a Designated Housing Provider, sold to immediate family (subsequent sale only), or after 6 months from initial lottery with written approval from DHCD.

Marketing & Income Verification

- At least 4 households selected for 1 unit
- To receive a Certificate of Eligibility applicants supply:
  - Certification of income
  - Certification of occupancy
  - Mortgage pre-qualification (if applicable)
  - Other documents required by Mayor
- Referred eligible applicants are approved to buy or rent by a Certifying Entity

IZ Administrative Chronology
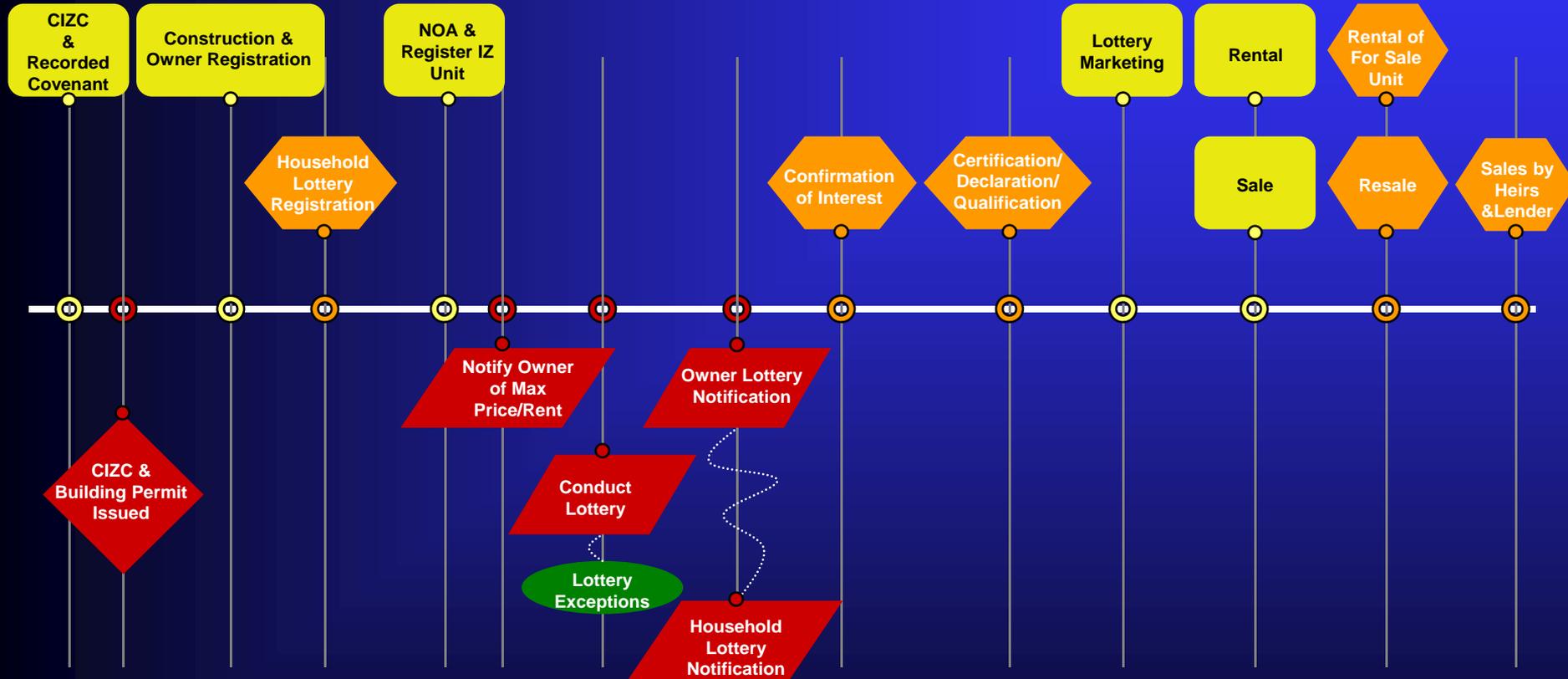
IZ Implementation

- **<u>Balance Policy and Pragmatism</u>**
  - ➢ IZ Regulations: Process Improve?
  - ➢ IZ Covenant: Acceptable to Market?
- **<u>Streamline Process – Make IZ EZ</u>**
  - ➢ Training/Education
  - ➢ Accessible Information
  - ➢ Dynamic Integrated Web Solution
  - ➢ Phased Implementation

IZ Process: Phase 1

CIZC
&
Recorded
Covenant

- **CIZC/DCRA Process**
  - ➢ Target – August 14, 2009
  - ➢ Execute & Record Covenant

CIZC &
Building Permit
Issued

  - ➢ File CIZC and Building Permit Applications
  - ➢ CIZC Certificate and Building Permit Issued

IZ Process: Phase 2

Construction & Owner Registration
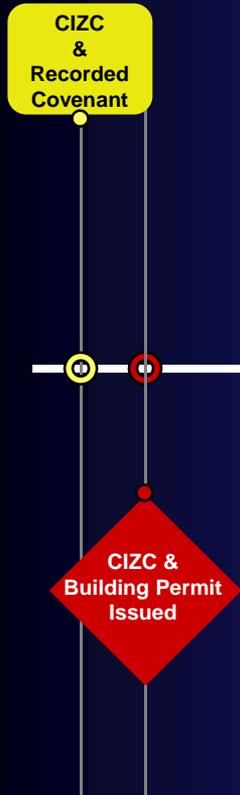
Household Lottery Registration

- **Owner & Household Registration**
  - ➢ 6-8 Months

  - ➢ Construction Period
  - ➢ Owner Registration
  - ➢ Homeowner Counseling
  - ➢ Household Registration

IZ Process: Phase 3

NOA & Register IZ Unit

Confirmation of Interest

Certification/ Declaration/ Qualification

Notify Owner of Max Price/Rent

Owner Lottery Notification

Conduct Lottery

Lottery Exceptions

Household Lottery Notification
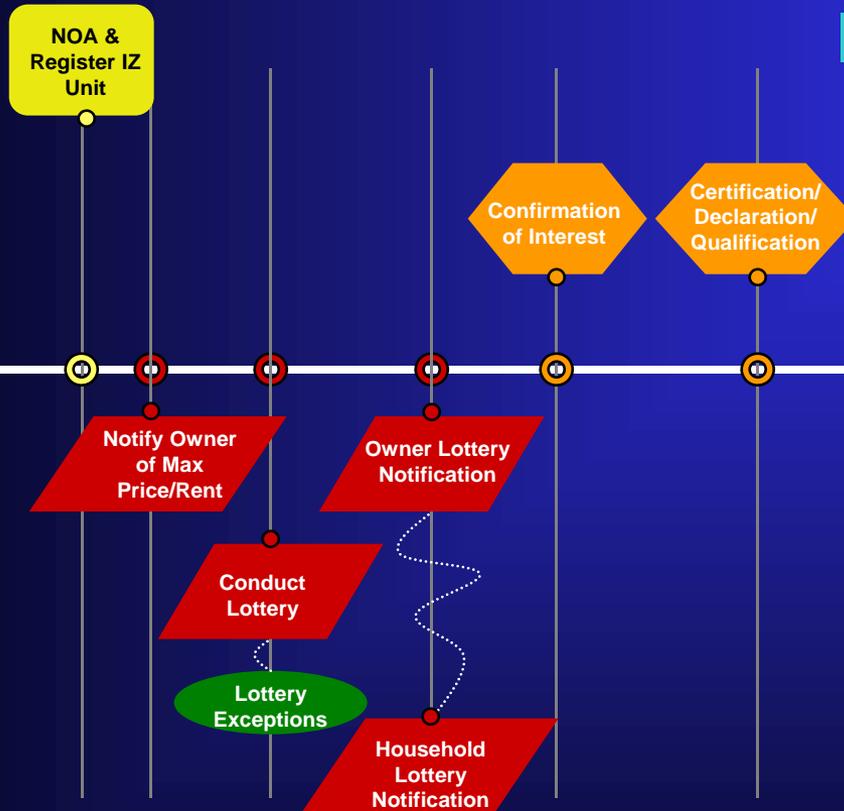
■ NOA/Lottery/ Certification

➢ 6-8 months

➢ Homeowner Counseling

➢ Household Registration

IZ Process: Phase 4

- **Compliance and Enforcement**
  - ➤ 8-10 months

  - ➤ Financing/Foreclosure

Next Steps

- Continue Training/Education
  - Development Community
  - Mortgage Industry
  - Title Companies/Real Estate Lawyers
  - Certifying Entities
  - Realtors
  - District Agency Staff

Next Steps

- Launch Informational Website
  - Developer/Owner Info
  - Tenant/Purchaser Info
  - Legislative/Legal Info
  - Forms
  - Presentations
  - Calendar of Events
  - FAQs

Next Steps

■ Develop Administrative Website

Next Steps

- Develop Administrative Website
  - Managed Phased Implementation Based on Developed Forms

For Further Questions

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