



# **Inclusionary Zoning (IZ) for Developers**

**April 1, 2015**

**Polly Donaldson**

**Director**



**Lesley M. Edmond**

**IZ Program Manager**

# Agenda

3

Inclusionary Zoning (IZ) – Introduction

Inclusionary Zoning – Law

Inclusionary Zoning – Applicability

Inclusionary Zoning – Administration

IZ Lottery & Selection Process

IZ Compliance

Questions and Answers

# What is Inclusionary Zoning ?

4

- 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

# DC IZ Goals

5

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

# Relevant Law and Regulations

6

- **Inclusionary Zoning Implementation Act of 2006**
  - D.C. Code Section 6-1041.01 et seq. (effective 3/14/07)
- **Administrative Regulations (Inclusionary Zoning)**
  - 14 DCMR 2200 et. seq. (effective 12/11/09)
- **Zoning Regulations (Inclusionary Zoning)**
  - 11 DCMR 2600 et seq.

# Regulatory Update

7

- Second proposed rule change published Friday, November 14, 2014
- Open for public comments until December 13, 2014
- Key highlights
  - Prerequisites for obtaining building permits for an Inclusionary Development
  - Certificate of Inclusionary Zoning Compliance(CIZC)
  - Inclusionary Development Covenant

# Regulatory Update (Con't)

8

- Key highlights (Con't):
  - Inclusionary Zoning Household Registration
  - Registration for an Inclusionary Unit
  - Choice of lottery or marketing plan
  - For-sale units may use a real estate agent
  - Rental of For-Sale Inclusionary Unit

# Pipeline Update

9

- Active IZ registrants: 2200
- 13 total projects
- 116 Units delivered to date
- 45 units in the selection process (lottery or subsequent lease)
- 68 units leased/sold to date
- 3 sales units under contract
- Tenure: 6 For-Sale and 7 Rental developments
- Developments located primarily in Wards 1, 2 and 6.

# IZ Applicability

9

- Most residential and mixed-use/comm. zones
  - R-2 to R-5-D, C-1 to C-3-C, CR, SP, & W
- Have 10 or more dwelling units
- New developments, or
- Existing developments with large addition
  - Increase gross floor area by 50+%

# IZ Applicability

11

- Zoning and construction type determine set-aside
- 8 – 10% of residential FAR or bonus density
- 20% bonus density – certain zones have adjusted standards

# IZ Development Standards

12

- 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 & Price Schedule

13

- DHCD publishes the IZ income limits
- DHCD calculates and publishes the maximum price schedules
  - 50% of AMI Units
  - 80% of AMI Units

# Housing Cost

14

Max Allowable Rent/Price =

Base Rent + Utilities + Other Housing Expenses

- **Max Rent:** uses estimated utility expenses
- **Max Purchase Price:** uses estimated interest rates, condominium/HOA fees, insurance and taxes

# Housing Cost

15

Monthly Housing Cost 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
- $\$40,000 \times 38\% = \$15,200 / 12 \text{ Months} = \$1,267$
- $\$1,267 > \$1,150$
- Household can afford this Housing Cost

# Agency Responsibilities: DHCD

16

- Advertising the IZ Program;
- Accepting applications for rent or purchase;
- Evaluating household eligibility;
- Establishing lists of eligible households;
- Reporting to Council and Zoning Commission;
- Monitoring compliance with the Act; and IZ covenant

# DHCD IZ Administration

17

- Certificate of Inclusionary Zoning Compliance (CIZC) (record)
- Inclusionary Development Covenant
- Manage selection process (lottery)
- Certifying Authority/Entity
- Notice of Availability (NOA)
- Housing Locator Unit Registration
- Process Exemptions

# Notice of Availability (NOA)

18

- Submitted to DHCD via email at [iz.adu@dc.gov](mailto:iz.adu@dc.gov) or mail
- DHCD issues to the developer the maximum rent or sale price within 17 days after receipt of an NOA
- Lottery conducted within 17 days of issuance of an NOA

# Marketing and Certification

19

- Owner markets to selected Households (HHs)
- HH eligibility certified by an approved Certifying Entity or Certifying Authority.
- 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 Inclusionary Units

# DC Housing Locator

20



The screenshot shows the homepage of DCHousingSearch.org. At the top, there is a navigation bar with the DHCD logo on the left and a menu with items: home, rent housing, buy housing, add property, tools & info, resources, and about us. Below the navigation bar is a red banner with the text "DCHousingSearch.org linking people to communities". A welcome message states: "Welcome to DCHousingSearch.org, a FREE listing service that provides easy access to information about housing opportunities within the District of Columbia." Below this, there are two columns of text. The left column explains that individuals can browse up-to-date listings of available properties, including those developed or renovated with funding from DHCD and the DC Housing Finance Agency. The right column lists search criteria such as number of bedrooms and baths, rent and deposit information, location, special amenities, and accessibility features. At the bottom right of the screenshot, there are four prominent buttons: "Find Housing For Rent", "Find Housing For Sale", "Add Property", and "Tools & Information".

home rent housing buy housing add property tools & info resources about us

Login | English | Español

Welcome to DCHousingSearch.org, a FREE listing service that provides easy access to information about housing opportunities within the District of Columbia.

At DCHousingSearch.org, individuals can browse up-to-date, detailed listings of available for rent and for sale properties to include those developed or renovated with funding provided by the DC Department of Housing and Community Development (DHCD) and the DC Housing Finance Agency. Additionally, properties managed under the DC Housing Authority's Housing Choice Voucher Program are listed on DCHousingSearch.org.

This service links people to housing that best fits their individual and family needs using a wide variety of search criteria, including number of bedrooms and baths; rent and deposit information; location (with map link); special amenities; and accessibility features for people with disabilities. DCHousingSearch.org also connects people to housing resources through website links and provides helpful tools for renters such as an affordability calculator, rental checklist, and information about renter rights.

[Find Housing For Rent](#)

[Find Housing For Sale](#)

[Add Property](#)

[Tools & Information](#)

Developers must add their buildings/units in this Housing Locator.

Select “Add Property” on the homepage.

# DC HOUSING LOCATOR

21

**Basic** | **Advanced** | **Accessible**

**General Search Information**

Bedroom[s]  Bath

Rent range \$0 to \$1,600 a month

**Optional Filters**

ZIP Code[s]   
[List relevant ZIP codes](#)

Public Transit

Shopping

Hospital

Smoking Policy

Senior Housing

Landlord Speaks

**Search by Distance**

Within  Miles of

Street Address

ZIP Code

Use my current location   
 (works best on mobile browsers)

**Other Search Options**

Income is  of Median Income   
[Calculate](#)

Keyword Search

Type

Security Deposit



Sorted by: Rent | Descending | Re-sort

[New Search or Other Resources](#) | [See all Properties in Your Rent Range](#) | [Search a Different City](#)

=Photo =Hablaemos Español =Some Pets OK

=Accessibility Features =Seniors =Washer/Dryer =Income Restricted [ ? ]

= No Smoking [ ? ]

Your Temporary Basket is Empty

	Click Address for Details	City State, ZIP	Monthly Rent (Deposit)	Beds/ Baths	Please Call	Date Available	Map
<input type="checkbox"/>	<a href="#">5742 Southern Ave. SE</a>	Washington DC 20019	<b>\$1,600 - \$1,800</b> Income Based [ 2 ] <a href="#">See Qualifications</a> (\$1,600 - \$1,800)	3/1.5	(Townhouse) Jen 202-491-4539	08/04/11  	<a href="#">Map</a>
<input type="checkbox"/>	<a href="#">Third Street Apartments 4010-4014 3rd Street SE</a>	Washington DC 20032	<b>\$1,545 - \$1,845</b> Not Income Based (\$1,545 - \$1,845)	3/2.0	(Apartments) MED Developers 703-217-6130	Waiting List 	<a href="#">Map</a>
<input type="checkbox"/>	<a href="#">OWE 4693 A St. HCVP welcomed</a>	Washington DC 20019	<b>\$1,500 - \$1,800</b> Not Income Based (\$1,500 - \$1,800)	4/1.5	(Duplex) Our Way Enterprises, Inc. 202-345-3355	05/14/12 	<a href="#">Map</a>
<input type="checkbox"/>	<a href="#">3710 Roosevelt Place NE</a>	Washington DC 20019	<b>\$1,600</b> (\$800)	2/1.0	(Condominium) Tenika SMITH 240-755-2491	08/19/12 	<a href="#">Map</a>
<input type="checkbox"/>	<a href="#">4251 6th St. SE</a>	Washington DC 20032	<b>\$1,600</b> (\$1,000) (Negotiable)	3/2.0	(Apartments) Upscale Properties, Ltd 202-805-3900	08/29/12 	<a href="#">Map</a>
<input type="checkbox"/>	<a href="#">5210 C St SE Handicap accessible</a>	Washington DC 20019	<b>\$1,600</b> (\$1,600)	3/2.0	(Apartments) Monica . 202-489-6044	08/27/12	<a href="#">Map</a>
<input type="checkbox"/>	<a href="#">4437 Gault Pl NE</a>	Washington DC 20019	<b>\$1,600</b> (\$1,600)	4/2.0	(Townhouse) jennah properties, llc 703-623-2223	09/01/12 	<a href="#">Map</a>
<input type="checkbox"/>	<a href="#">5210 Clay St NE</a>	Washington DC 20019	<b>\$1,600</b> (\$1,600)	3/1.5	(House) Joyce 202-345-0536	08/20/12 	<a href="#">Map</a>
<input type="checkbox"/>	<a href="#">Atlantic Street SE</a>	Washington DC 20032	<b>\$1,600</b> (\$1,600)	3/1.5	(Townhouse) Cynthia Johnson 202-527-8355	06/28/12 	<a href="#">Map</a>

# IZ Lottery Process

22

- Applicants register on the online system
- Our website for registration:  
<http://dhcd.dc.gov/page/residents>
- Registered Applicants are placed on either:
  - District List (applicants who live or work in DC)
  - Miscellaneous List

*Note: Households must attend a two hour Orientation Session, as part of the selection process prior to income certification*

# Household Selection Process

23

- DHCD contacts the Households to confirm interest in available units
- DHCD conducts a lottery of *interested* Households
- DHCD conducts the lottery from District List
- At least 4 HH's will be selected for each unit

# Eligibility and Income Verification

24

- DHCD notifies selected Applicants and the IZ Development Owner of the lottery results
- HH's are ranked by DC residence, employment in DC, and time on lottery list.
- Selectees must confirm their Interest.
- *Applicants 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*

# Required IZ Documents for Selected Households (HHs)

25

- Rental IZ Units:
  - Declaration of Eligibility
  - Certification of Income, Affordability and Household Size by Certifying Authority
  - Lease Rider and Company Lease Agreement (after lease)
- For-Sale IZ Units:
  - Declaration of Eligibility
  - Certification of Income, Affordability, and Household Size by Certifying Entity
  - Mortgage pre-qualification or pre-approval
  - Signed purchase contract w/ HUD-1 Form (after purchase)

# IZ Timelines and deadlines for Selectees

26

## Within 17 days of lottery

- Households submit Confirmation of Interest to Developer

## Within 45 days of lottery

- Households submit required documents

## Within 60 days of lottery

- Rental: Signed lease agreement & rider, or
- For-Sale: Signed contract and HUD-1

# IZ Monitoring and Compliance

27

- Monitoring the DC Housing Locator
- Rental developments: Annual Report to DHCD
- For-sale units: DHCD confirms principal residency of owner
- Re-sale of IZ Unit
- Re-lease Rental IZ unit
- Enforcement

# Annual Reporting (Rental Buildings)

28

- Owners or Agent Owners must report status of the IZ Units in their buildings.
- Annual re-certification of Tenants: Income and Household size.
- Annual Report is due to DHCD at the Anniversary of the first C of O of the IZ Units.

# Re-lease Rental IZ unit

29

- Tenant gives notice to vacate
- Within 17 days: Owner files NOA
- DHCD conducts lottery for unit or
  - Method established by the owner that meets the requirements in 2208(c)(1) as approved by DHCD

# Re-sale of IZ Unit

30

- Owner decides to sell unit
- Owner submits NOA 45+ days before marketing the unit
- DHCD specifies max resale price
- Owner sells to income-qualified buyer
- Possible buyers go through CE process

# Enforcement

31

- DHCD may issue a notice to cure any IZ violation within 30 dates of the violation
- If not cured DHCD may
  - Revoke a building permit
  - Revoke a C of O

# IZ Staff

32

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

- Brian White - Program Assistant,  
Direct number: 202-442-7156  
Email: [brian.white@dc.gov](mailto:brian.white@dc.gov)
- Marshall Cusaac - Housing Regulation Specialist  
Direct number: 202-442-4327  
Email: [marshall.cusaac@dc.gov](mailto:marshall.cusaac@dc.gov)
- Mario Cristaldo - IZ Compliance Specialist  
Direct number: 202-442-7237  
Email: [mario.cristaldo@dc.gov](mailto:mario.cristaldo@dc.gov)
- Chris Marshall - IZ Compliance Specialist  
Direct number: 202-442-6995  
Email: [chris.marshall@dc.gov](mailto:chris.marshall@dc.gov)
- Lesley Edmond - IZ Program Manager  
Direct number: 202-442-7182  
Email: [lesley.edmond@dc.gov](mailto:lesley.edmond@dc.gov)

# Questions and Answers

THANK YOU