

Save DC Public Land

THE 1617 PROJECT

Reviewing the DC Auditor’s Independent Report on DC’s Inclusionary Zoning Program – The IZ program allows developers to receive zoning entitlements and to build bigger, taller luxury buildings in return for designating 8%-20% of the units as “affordable” since 2009

This document shows key highlights from the DC Auditor Report on the 15-year IZ program showing the results of the Mayor’s primarily touted "affordability" program

Stronger DHCD Oversight Needed for Inclusionary Zoning Program to Reach Housing Goals



Audit Team
Imani Boston, Auditor In Charge
David McDanels, Team Member
Edward Farley, Audit Supervisor

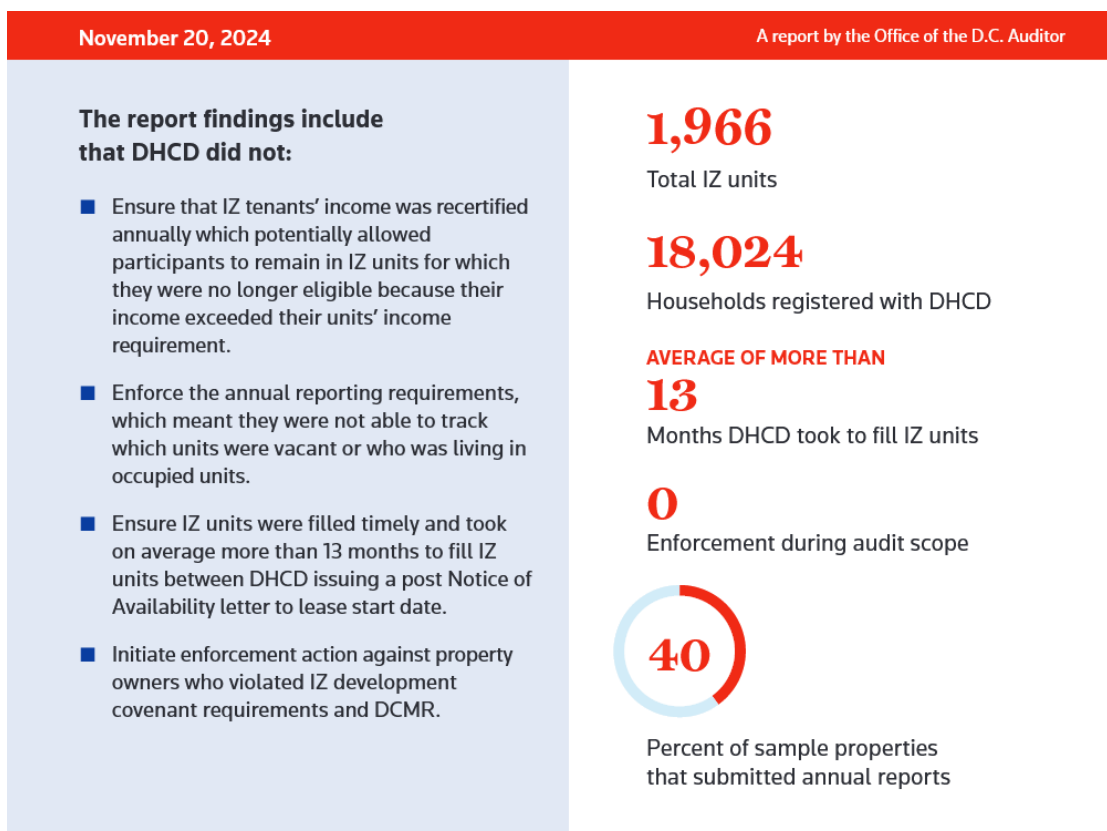
Kathleen Patterson, District of Columbia Auditor
www.dcauditor.org

Source: Report, "Stronger DHCD Oversight Needed for Inclusionary Zoning Program to Reach Housing Goals" published by Kathleen Patterson, District of Columbia Auditor, on November 20, 2024, https://dcauditor.wpengepowered.com/wp-content/uploads/2024/11/Inclusionary.Zoning.Audit_.11.20.24.pdf

Auditor Report on IZ ("ARIZ") highlights:

ARIZ, Cover page:

"The Inclusionary Zoning program is a key initiative identified by the Mayor as a pathway toward the affordable housing goal of producing 36,000 new housing units and 12,000 new affordable units by 2025."



ARIZ, Background, at page 2:

The Inclusionary Zoning (IZ) program in Washington, D.C., was enacted in 2006 and initiated through the [DC Comprehensive Plan](#), which includes policies and actions that set priorities for the District's land use, public services, infrastructure, and capital investments. A [2008 Mayor's Order designated DHCD as the authority responsible for administering the IZ program](#). [The IZ program] became effective in 2009 and the first units came to the housing market in 2011. The regulations state that the IZ program was created to [further the Housing Element of the Comprehensive Plan](#) through increasing the amount and expanding the geographic distribution of adequate affordable housing available to current and future residents. ... The purpose of the program is to reduce the upward impact that

market-rate development can have through increased affordable unit production with the goal of ultimately creating a full range of long-term housing choices for each District household regardless of size and income.

ARIZ at top of Page 3:

As of September 30, 2022, about **2,000 IZ units had been built. And, about 18,000 households were registered** and waiting for an IZ unit.

ARIZ, Figure 2, at Page 3:

Shows that as of Sep. 2022, **65% of the IZ units were built for single-person and some two-person households (1,300 studio & 1-bedroom units had been built).**

As of September 30, 2022, 1,966 IZ units had been produced since the IZ program began and 18,024 households were registered for the IZ program (see Figure 2). In FY 2023, 413 new IZ units were produced, a record for a single year. The Mayor's affordable housing goal and the program's expansion are responses to the District's growing affordable housing crisis.

Figure 2: Inclusionary Zoning Unit Sizes as of September 2022

Unit Size	Unit Count
Studio	604
1-Bedroom	694
2-Bedroom	545
3- or 4-Bedroom	123
Total	1,966

Source: DHCD Inclusionary Zoning Annual Report for Fiscal Year 2022

Looking at Figure 2 at Page 3 of ARIZ and looking at [the Mayor's FY2022 IZ Annual Report](#) also at Figure 2:

It appears that more than **4,600 IZ registrants are 3+ person households (families)** vying for just one hundred and twenty-three (**123**) **three+ bedroom IZ units built.**

ARIZ, Page 5, 4th bullet-point:

Some of the current IZ participating households **may be spending 50% of their income on housing costs** (this is unlawfully not affordable).

■ Housing costs may not exceed half (50%) of the applicant's income (before taxes).

ARIZ at page 5:

IZ units serve households making "no more than 50%, 60%, or 80% of the MFI." MFI stands for Median Family Income and is interchangeable with AMI or the Area Median Income. And, according to the [Mayor's Inclusionary Zoning Program 2022-2023 Maximum Income, Rent and Purchase Price Schedule, Effective July 1, 2022](#), figure at page 2, **Single-household IZ registrants making \$79,000 annually could qualify and live in an "affordable" IZ unit**, and, a family of four making \$113,850/yr could qualify for a 3-bedroom IZ unit.

Note: IZ units currently exist only at the 50%, 60%, and 80% MFI levels.

Household Size	Maximum Annual Income					
	30% of MFI	50% of MFI	60% of MFI	80% of MFI	100% of MFI	120% of MFI
1	29,900	49,800	59,750	79,700	99,600	119,500
2	34,150	56,900	68,300	91,050	113,850	136,600
3	38,400	64,050	76,850	102,450	128,050	153,700
4	42,700	71,150	85,400	113,850	142,300	170,750
5	46,950	78,250	93,900	125,200	156,550	187,850
6	51,250	85,400	102,450	136,600	170,750	204,900
7	55,500	92,500	111,000	148,000	185,000	222,000
8	59,750	99,600	119,550	159,400	199,200	239,050

ARIZ at page 5, footnote #8:

The AMI/MFI is increasing annually: **"On April 1, 2021, the MFI in Washington, D.C., was \$129,000 for a household of four. On April 18, 2022, the MFI rose to \$142,300."** And, according to the [Mayor's FY2022 IZ Annual Report](#), at Figure 4, **more than half of IZ units have been built to serve the 80% AMI/MFI bracket** of IZ-registered households (~1,050 units of the ~2,000 IZ units built have been set for households making 80% MFI).

ARIZ at page 10:

IZ units sit vacant for an average of about 400 days, some units have sat vacant for 1000 days.

ARIZ at pages 14 - 16:

Since DHCD is not enforcing IZ annual reporting it's hard to track how many IZ units have been vacant or remain vacant since they were built. "Without annual reports, **DHCD is unaware of the number of vacant (IZ) units**" (at page 16).

ARIZ, pp 17-18:

DHCD did not initiate enforcement action against property owners who violated IZ development covenant requirements. "Despite properties' non compliance with income recertification, lease renewal, and annual report requirements, **DHCD did not initiate enforcement actions against any property owners**" (p18).

Other notes and data:

- It's been reported that in Washington, DC, a family of four needs to make \$275,000/yr to live "comfortably". <https://www.cnbc.com/2024/03/27/how-much-money-family-of-4-needs-to-live-comfortably-in-us-cities.html>
- [As reported by the United Planning Organization](#), 40,000 of the 44,000 DC households that are rent-burdened (i.e., paying over 30% of their income on housing costs) are extremely low-income, earning 30% AMI or less.
- According to [DC Health Matters 2023 Demographics Data](#), the MFI for Ward One Black residents is \$49,148. An affordable rent (i.e., 30% of that MFI) is \$14,744/year (\$1,229/month).

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