



Advisory Neighborhood Commission 2A

“Serving the Foggy Bottom and West End communities of Washington, D.C.”

June 23, 2017

RE: Amendment to the Comprehensive Plan Encouraging Office to Affordable Housing Conversions

At its regular meeting on June 21, 2017, Advisory Neighborhood Commission 2A (“ANC 2A” or “Commission”) considered the above-referenced matter. With seven of eight commissioners present, a quorum at a duly-noticed public meeting, the Commission voted unanimously (7-0-0), after a motion made by Commissioner Kennedy and seconded by Commissioner Campbell, to adopt the following resolution:

The Commission recognizes the immense scale of the housing shortage and affordability crisis facing the District in the coming years; indeed, it is perhaps the biggest challenge that this iteration of the Comprehensive Plan must confront. At the same time, we recognize that the nature of office work is changing rapidly. The increased utilization of teleworking, shared working spaces, federal cutbacks, legal firm consolidation, the rise of self-employment, and high costs in the CBD are all trends impacting the current double-digit percent office vacancy rate in the District. Few, if any of these trends, are likely to abate in the coming years.

As office developers chase an increasingly small number of tenants with the need for and the resources available to pay for large amounts of Class A office space, we see a market mismatch that is leaving many Class B and C office buildings bereft of tenants and with large vacancy rates. The owners of these buildings have begun to confront a similar choice: Undertake at considerable cost a renovation of their building to Class A specs in order to attract a smaller number of lucrative tenants, or experience escalating costs to maintain buildings that are increasingly approaching the end of their useful life, while collecting less-than-premium revenue in a premium location.

We believe that a marriage between the assets of office developers confronting a changing market and the needs of the District of Columbia as it relates to the imperative to provide additional affordable housing for residents is obvious, optimal, and profitable for all. Shelter is a fundamental human need and should represent the highest priority for the District of Columbia in setting its land-use priorities. Therefore, the District's underlying zoning should provide for the maximum possible flexibility in facilitating office-to-housing conversions in commercial office zones provided that Inclusionary Zoning thresholds are met in the conversion process. Indeed, these zones should function more as mixed-use areas, reflecting a change in the outmoded philosophy of earlier, mid-20th century land-use philosophy that segregated commercial uses from residential ones.

Additionally, in recognition of the substantial costs that are often associated with office-to-housing conversions (reflecting the different relative needs for natural light, plumbing, etc. in each use), the District should consider authorizing tax



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incentives or other financing assistance in order to encourage conversions that meet exceptional standards in terms of the amount of affordable housing provided (i.e., projects that exceed IZ targets either in the number of units set aside as affordable, and/or in offering units at a lower percentage of AMI than is otherwise called for). Incentives and assistance should scale to the degree of affordable housing offered beyond IZ targets, and could potentially involve investment from the Housing Production Trust Fund.

We believe that this amendment will result in more efficient use of built square footage within the District of Columbia, converting relatively less-occupied office space to relatively highly-occupied residential space. What's more, we believe that adding to the supply of housing in the District will help meet the exceptional demand for it, thereby reducing prices in the aggregate. Specifically, this is intended to induce investment in workforce housing and other affordable housing to specifically augment the supply of that class of housing.

Additionally, encouraging office-to-housing conversions in and adjacent to the CBD will promote more active street life in these areas outside of work hours, supporting retail tenants and contributing to a greater sense of safety and security on streets that may be desolate outside of workday hours presently. What's more, encouraging a mix of uses in the densest part of the District will promote more sustainable commutes as people can more easily walk, bike, or take transit to work -- reducing the strain on the roadway network from commuters who must live elsewhere but who work in the core of the region.

Commissioner Patrick Kennedy (2A01@anc.dc.gov) is the Commission's representative in this matter.

ON BEHALF OF THE COMMISSION.

Sincerely,

Patrick Kennedy
Chairperson