



# **Inclusionary Zoning (IZ) Orientation for Prospective Renters & Owners**

**February 7, 2020 Curriculum**

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DC Department of Housing & Community Development

# Housekeeping

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Please...

- Put cell phones on vibrate or silent
- Limit conversations
- Ask questions
- Have fun!



# Agenda

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1. Basics
2. Renters
3. Owners
4. Random Selections
5. Next Steps



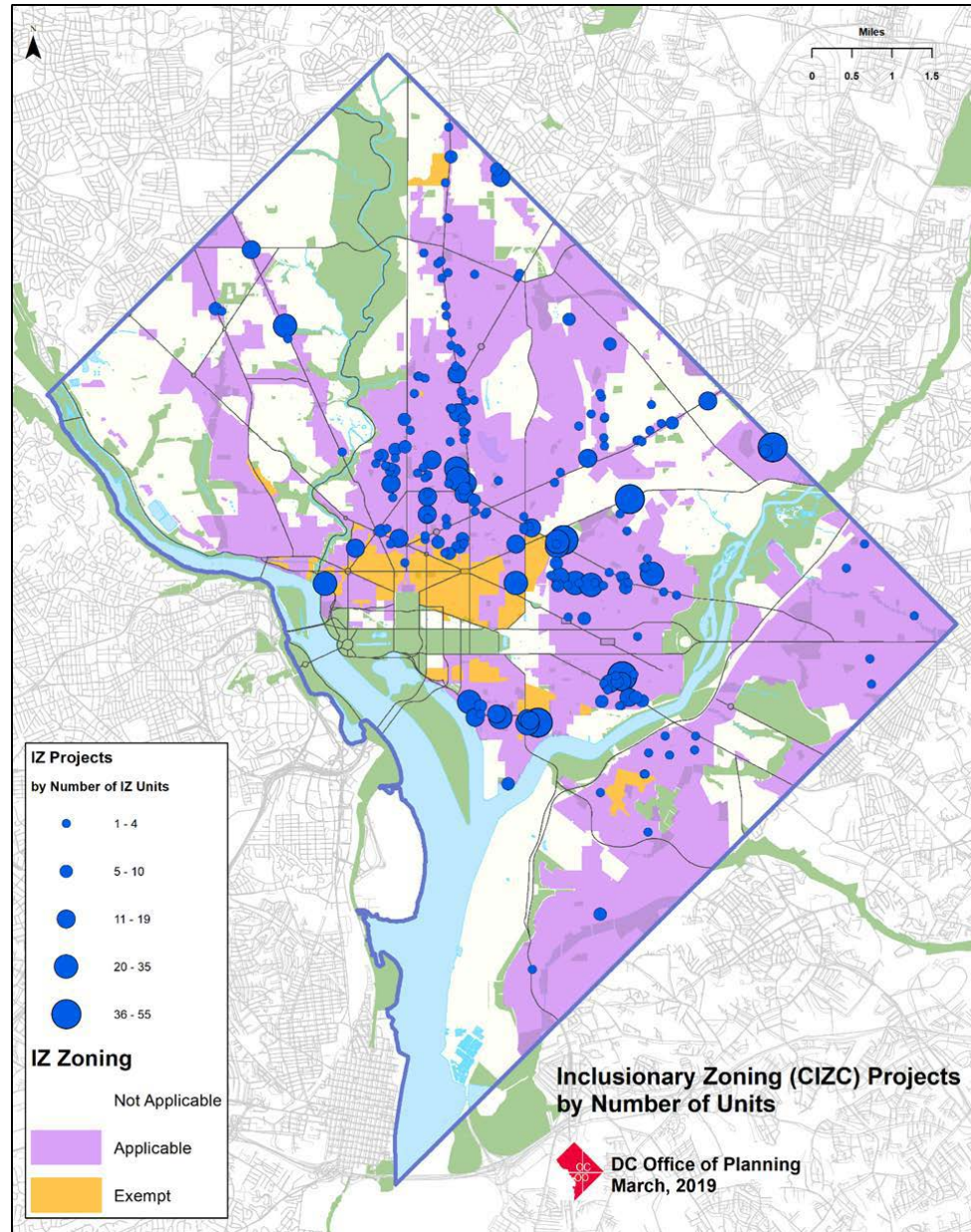
# 1. BASICS

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- What is Inclusionary Zoning (IZ)?
  - A DC law that requires affordable units in newly constructed residential buildings with 10 or more units (& in certain building expansions)
- How long has IZ been around?
  - First unit was available in 2011
  - Law & regulations were updated in May & September of 2017 (based on Zoning Commission changes)
- Is it everywhere in DC?
  - Most residential & mixed-use zones in all eight wards (but there are certain zones where it doesn't apply)

Purple shading indicates IZ applicable areas

Blue dots indicate IZ projects (larger dots indicate more units)



# Guidelines

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- Must meet income qualifications
  - Please be accurate – your stated household size, income & District work/residency status will be verified if you are selected for a unit
- Full-time college or university students
  - Can only register if they are dependents of an IZ qualifying household
- Unit must remain your primary residence (you can't rent out the unit, any part of it, or use it as an “Airbnb” or similar unit)
  - Only exception: rental of an IZ ownership unit under particular circumstances described later in this presentation
- Owners: resale price is restricted (to keep the unit affordable)
- Must recertify on an annual basis
  - Renters: income & household size will be verified; confirm primary residence
  - Owners: confirm property remains your primary residence
- If you have ownership interest in another housing property anywhere, you must divest of it before signing a lease or purchasing a unit

- What IZ is not:
  - Not a voucher or subsidy program (but if you have either of those, you may use it to help rent or buy an IZ unit)
  - Not a program where you pay a certain portion of your income
- What does “affordable” mean?
  - For IZ units, the maximum rent or purchase price is set for three different income levels: 50% MFI, 60% MFI & 80% MFI
- What is MFI?
  - Median Family Income - the “typical” income for a family in this area (formerly known as “AMI”; same number different name)
  - \$121,300 is 100% MFI for a family of 4 in the DC area (as of 2019)
  - Adjusted for different income levels & household sizes



- Who verifies income?
  - Rental units: typically property management
  - Sale units: DHCD-selected Community-based Organizations (CBOs)
- What type of income?
  - All sources of pre-tax income for all household members that will live in the IZ unit
  - Includes, but not limited to: employment/unemployment, disability, retirement funds/pensions, alimony, child support, SSI, TANF
- What types of proof?
  - At a minimum: tax returns (2 most recent), pay stubs (covering last 60 days), bank statements (from all accounts, most recent 6 months), any other proofs of income/financial assets

# Maximum Income



- Your household must be at or under the following income limits\*

Household Size	50% MFI Limit	60% MFI Limit	80% MFI Limit
1	\$44,100	\$52,900	\$70,550
2	\$50,400	\$60,500	\$80,650
3	\$56,700	\$68,050	\$90,700
4	\$63,000	\$75,600	\$100,800
5	\$69,300	\$83,150	\$110,900

\*These are the 2020 limits effective July 17, 2020 to present; all prices & income limits in these slides are based on these numbers

# Household Size

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- Number of people (adults + children) who will live in the unit
- Persons may be related or not; it does not matter
- Not your current living situation, but who you would be living with if you rented/bought a new home today
- Example:
  - Terri lives with her grandmother & brother, but just got a new job & can afford to rent her own IZ apartment
  - She would register as a household of 1 & only report her income
  - She would only be a household of 3 & report their income too if the other 2 family members would be living with her in the new unit

# Unit Size

Unit size option(s) are based on how many people would live in the IZ unit if you rented/purchased a unit today (your “IZ household size”)

Number of People	Unit size option(s)
1	Studio or 1 Bedroom
2	Studio, 1 or 2 Bedroom
3	1, 2, or 3 Bedroom
4	2, 3, or 4 Bedroom
5	2, 3, or 4 Bedroom
6	3 or 4 Bedroom
7	3 or 4 Bedroom

## 2. RENTERS

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# Minimum Annual Income

- For IZ renters, you need a minimum income (or have rental assistance such as a voucher/rental subsidy)
- Chart is based on households spending no more than **50%** of their gross income on housing costs (rent + utilities & mandatory fees)
- If you make less, you may still take this orientation & register so you will be ready when your income increases

Unit Size	50% MFI Renter Minimum Income	60% MFI Renter Minimum Income	80% MFI Renter Minimum Income
Co-Living	\$18,950	\$22,800	\$30,500
Studio	\$25,200	\$30,500	\$40,550
1 Bedroom	\$27,100	\$32,650	\$43,200
2 Bedrooms	\$32,650	\$39,100	\$51,850
3 Bedrooms	\$37,900	\$45,600	\$60,700

- Note: These are typical minimums & may vary slightly for each development; requirements will be included in each unit listing
- Note: DHCD recommends that Households should not expend more than 38% of their annual income on housing costs for rental Inclusionary Units

# Monthly Rents



- 2020 maximum monthly rent if basic utilities (electric, gas, water, sewer) & mandatory building fees (such as an amenity fee or required trash fee) are included in the monthly rent:\*

Unit Size	50% MFI Rent (if utilities included)	60% MFI Rent (if utilities included)	80% MFI Rent (if utilities included)	Sample Utility Deductions (if not included in rent)
Co-Living	\$790	\$950	\$1,270	\$111-\$160
Studio	\$1,050	\$1,270	\$1,690	\$111-\$160
1 Bedroom	\$1,130	\$1,360	\$1,800	\$169-\$241
2 Bedrooms	\$1,360	\$1,630	\$2,160	\$226-\$322
3 Bedrooms	\$1,580	\$1,900	\$2,530	\$285-\$404

- \*If not included, the maximum rent will be reduced (using an estimated utility schedule & the actual mandatory building fee amounts)
- Optional fees (parking, gyms, etc.) are not included in maximum IZ rents



# Renter Information

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- Must remain your principal residence
- You cannot: sub-lease your unit, rent out any room or portion of your unit, use the unit for “Airbnb”
- Households can’t spend more than 50% of gross monthly income (monthly income multiplied by 0.50) on housing costs (rent + utilities)
- However, it is recommended that households spend no more than 38% of gross monthly income (monthly income multiplied by 0.38) on housing costs (rent + utilities)
- Must still pass the landlord’s non-income requirements (may include credit check, background check, reference check)
- Many properties require application fees
- You must sign both a lease & a DHCD lease rider



# Lease Renewals

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No later than 60 days before the lease anniversary, household must submit the following to the landlord:

- Statement on whether you intend to renew (or not)
- If renewing:
  - Certification that this is your principal residence
  - Names & ages of each person residing in the unit
  - Documents to allow management to verify income & household size
  - Declaration of Eligibility form (signed by all tenants age 18 & older)

Please note:

- New rent will be based on the IZ price schedule in place at the time of renewal (rent may increase or decrease)
- You may still remain in the IZ unit at the then-current rent if your household income is less than 140% of the maximum income & your household size still meets requirements (valid for renewal only)



## 3. OWNERS

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## 2020 Maximum Purchase Price Schedule

Unit Size	Condominiums			Single-Family Homes or Town Homes		
	50% MFI	60% MFI	80% MFI	50% MFI	60% MFI	80% MFI
<b>Studio</b>	\$130,800	\$167,200	\$240,200	-	-	-
<b>1 Bedroom</b>	\$132,200	\$171,300	\$249,400	-	-	-
<b>2 Bedrooms</b>	\$136,500	\$183,400	\$277,200	\$198,200	\$245,100	\$338,800
<b>3 Bedrooms</b>	\$161,100	\$215,800	\$325,200	\$231,000	\$285,700	\$395,100
<b>4 Bedrooms</b>	\$194,400	\$256,900	\$381,900	\$255,200	\$317,700	\$442,800

# Owner Information

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- Unit must remain your primary residence (you must certify this on a yearly basis)
- You cannot: rent out any room or part of it, or use it as an “Airbnb” or similar unit
  - Exception: Under extreme & temporary circumstances & with prior written approval from DHCD the entire unit may be rented to a DHCD-approved household if permitted by the applicable building association rules
- If you decide to sell:
  - Must notify DHCD of intent to sell
  - DHCD will calculate the maximum resale price (allows for limited equity growth so the unit remains affordable)
- If purchasing a condominium be aware that monthly condo fees are not regulated by the IZ program & may increase quickly after the first year

# Owner Information (continued)

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- No minimum income, but must qualify for a mortgage from a qualified bank or lender
- Households can't spend more than 50% of monthly gross income (monthly income multiplied by 0.50) on housing costs
- However, it is recommended that households spend no more than 41% of gross monthly income (monthly income multiplied by 0.41) on housing costs
- Housing costs include:
  - Mortgage payment (principal, interest, taxes, insurance)
  - Condominium & homeowner fees
  - Utilities
- To be eligible for purchase lotteries you must take an approved 8-hour homebuyer course and email proof to [iz.adu@dc.gov](mailto:iz.adu@dc.gov) (and renew this training every 2 years)

# Possible Tax Benefits

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Affordable unit owners may be eligible for:

- Lower Income Home Ownership Tax Abatement (5-year real property tax abatement & exemption from recordation & transfer taxes; for more information call the DC Recorder of Deeds, 202-727-5374)
- A lower assessment rate (under the “Resale Restricted Properties” status, call the DC Office of Tax & Revenue (OTR) Customer Service Center for more information, 202-727-4TAX or 727-4829)

# Purchase Assistance

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- Both of these programs take time; if you are interested in purchasing, look into these right away
- Both of them may be used together with an IZ purchase
  - Home Purchase Assistance Program (HPAP): interest-free loans & closing cost assistance to qualified applicants, DC residents have priority <https://dhcd.dc.gov/service/home-purchase-assistance-program-hpap>
  - Open Doors: purchase loans & down payment assistance ([www.dchfa.org](http://www.dchfa.org))

## 4. RANDOM SELECTIONS

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# Process Overview

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When a new building is ready with IZ units:

- DHCD sends an email to all registered IZ households that fit the household size & income criteria for the unit (could be sent to well over 1,000 registered households)
- Households must click on the email link & complete the short form to respond
- DHCD holds a random selection of registered & qualified households that respond (selecting typically 4-10 per unit)
- DHCD notifies selected households (via email)



# Questions

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- How do I get picked to lease/buy a unit?
  - Selection is random; this is a registration list, not a waiting list
- How long will it take?
  - No time estimate is available as names are selected randomly; your chance of getting picked depends on how many other households expressed interest in the same unit
- Are there priority factors?
  - The selection of households is completely random from all valid responses. After that random drawing, yes, priority ranking is applied for current DC residents first (sorted by length of time on the registry) then households who do not live in DC but have at least one person currently working in DC (again sorted by length of time on the registry)

# Receiving IZ Emails

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- Do not forward the message to other persons; emails are tailored to specific household criteria & only those invited by DHCD are eligible to participate
- You will continue to receive emails for units that fit your income & household size unless you:
  - Tell DHCD to remove your registration from the list
  - Fail to renew your orientation (prior to expiration)
  - Purchase/lease an IZ unit
- Check your spam, junk mail & other folders
- If you think you may be receiving notices for the wrong household size or income level, please call 202-442-7221 to verify your registration information

# Entering a Random Selection

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- Read all information in the email (especially qualifications) carefully before deciding to respond
- Must respond before the deadline stated in the email
- If you are not interested in the unit, please do not respond & you will still receive other opportunities for selection
- Enter only if you are interested, think you qualify & are ready to rent/purchase today (will you qualify for a mortgage/pass a credit or background check now?)
- Click on the Google short form link in your email or copy it to your browser (this form is similar to the IZ registration form)
- If your mobile device cannot open the link, try a computer (also available at public libraries or the DHCD Housing Resource Center)
- One entry per household (duplicate entries will be deleted)

# Selection

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If you respond to the email link & are then selected...

- You will receive a letter by email; read it carefully
- You may have the opportunity to rent or purchase the unit
- If you are interested, respond as soon as you can to confirm your interest (to rental company or sales agent)
- If not interested, you will still remain on the email list
- Even if you are not the highest-ranking household (#1) you may be able to proceed if other higher-ranked households drop out
- Do not wait until the last day of a deadline to respond; you may need to provide other information

# Selection Timelines

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Don't miss out; pay attention to deadlines!

- Day 1: Notification of randomly selected households
- Day 10: Deadline for households to confirm interest to sales/leasing team
- Day 30: Deadline to submit required documents\*
- Day 60: Deadline to sign contract/lease

\* If you are selected to purchase an IZ unit you will need to schedule & complete your pre-purchase training program before day 30 if you have not done that prior to the selection; these sessions are infrequent so do not wait!



## 5. NEXT STEPS

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# Register to Receive IZ Emails

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- To register for the IZ program & receive unit emails, visit [www.dhcd.dc.gov](http://www.dhcd.dc.gov) (you will only register one time)
- Only one registration is permitted per household (otherwise you could be disqualified in selections)
- If you are already receiving IZ unit emails, **do not re-register on the website**; instead, email [iz.adu@dc.gov](mailto:iz.adu@dc.gov) or call 202-442-7221 to provide any updates to your original registration (including your new IZ orientation certificate code and/or a copy of your pre-purchase training program certificate)
- To keep your original registration date; re-take your IZ orientation **before** your certificate expires (2 years) & email or call the IZ team with your new certificate number
- You may call or email other changes anytime



# Applying Directly to Some IZ properties

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- While only DHCD can hold initial random selections for new IZ units, IZ properties that have approval from DHCD may use an alternative method to identify qualified IZ tenants/purchasers
- Prospective IZ tenants/purchasers can contact these properties directly but will still need to meet program guidelines & have a current IZ orientation certificate (less than two years old) & pre-purchase training program certificate (for purchase units, less than two years old)
- A public-facing website of all IZ properties is available on the IZ website

# Affordable Dwelling Units (ADUs)

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- Rental & sale units
- There are more ADUs in DC than IZ units
- Wider affordability levels (30% MFI to 120% MFI); each property has its own unique mix & guidelines
- You do not need to register for this program & there is no orientation requirement
- Listings included on [www.dchousingsearch.org](http://www.dchousingsearch.org)
- To apply, contact each property directly

dc HousingSearch.org  
*linking people to communities*

Housing for Rent    Housing for Sale    Tools and Resources    Add Listing

Find Your New Rental Home

Search Rentals by Neighborhood, Ward or ZIP Code

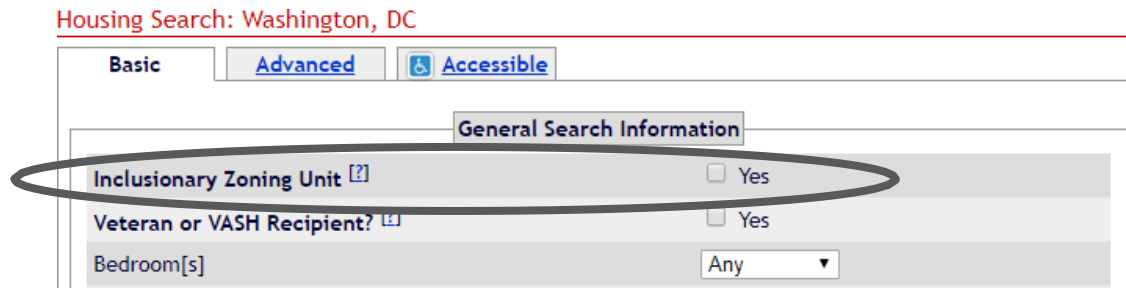
Search For Sale Housing




View Map

Welcome to DCHousingSearch.org!

This is the District of Columbia's free affordable housing listing and search engine, where you can find everything from accessible homes to affordable rental and for-sale homes. Users can also find helpful resources such as renter's rights information, assistance programs, and an affordability calculator.

- Search on [www.dchousingsearch.org](http://www.dchousingsearch.org) for affordable housing options (includes IZ & ADUs)
- Search by your income level & desired unit size
- Limit your search to IZ properties by clicking the “Inclusionary Zoning Unit” box at the top of the search box; this filters to the IZ properties with the blue “IZ” symbol:



- Income restricted properties have a red “R”   
- For any properties with expired listings click **“Report an Issue”**
- For help, call the toll-free number (bottom of the webpage)

# Affordable Housing Listings

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While you wait for IZ emails, use these resources to look for other affordable rental or purchase options:

- <https://dchousing.org/customer/update.aspx>  
On the left, click on “Other housing options” then scroll down to “Affordable Housing Locations”
- <http://www.dchfa.org/>  
Both DC homebuyer information & DC apartments to rent
- <https://www.hud.gov/apps/section8/index.cfm>  
Low-rent apartment search for any state or DC
- [www.dchousingsearch.org](http://www.dchousingsearch.org)  
Search engine of affordable units in DC

# Tips for Your Search

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When calling affordable properties directly ask:

- Do you have any affordable units available?
- What kinds (IZ, ADUs, tax credit, other)?
- What are the income limits?
- Do you have a waiting list?/How can I find out about openings?

- Renting or purchasing requires good credit
- Improve your credit so you will be ready for a unit
  - Contact a Community-Based Organization (CBO)
  - Ask about one-on-one credit counseling/housing counseling
- Suggested Community-Based Organizations (CBOs)
  - Greater Washington Urban League
  - Housing Counseling Services
  - Latino Economic Development Center
  - Lydia's House
  - Marshall Heights Community Development Organization
  - University Legal Services
  - United Planning Organization

## Other steps to help you get ready for a unit:

- Get your paperwork in order; make sure you keep proof of income & assets (tax returns, pay stubs, bank statements, other financial documents)
- Want to own a unit?
  - Get a pre-qualification or pre-approval letter from a bank/lending institution (to see what kind of mortgage you might be able to afford) OR begin the HPAP process and obtain a Notice of Eligibility (NOE)
  - Then schedule and complete an approved 8-hour homebuyer course conducted by DHCD or its designee (listed below) and send the certificate to [iz.adu@dc.gov](mailto:iz.adu@dc.gov) to update your registration from “rent only” to either “rent or purchase” or “purchase only”
    - Housing Counseling Services
    - Latino Economic Development Corporation
    - Lydia’s House
    - University Legal Services (both locations)



# Summary of Next Steps

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1. Register your household on the DHCD IZ website
2. Take the 8-hour homebuyer course (if seeking to buy) and email the certificate to [iz.adu@dc.gov](mailto:iz.adu@dc.gov)
3. Watch for email announcements for IZ units
4. If interested & eligible, click the link in the IZ emails
5. Continue using other housing search sources
6. Continue working on your credit
7. Re-take the IZ orientation (& homeownership training if necessary) before expiration (2 years)
8. Keep your IZ registration current (email [iz.adu@dc.gov](mailto:iz.adu@dc.gov) or call 202-442-7221 to update any information (especially email address, household size, income)

# Thank You!

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- Find additional information about Inclusionary Zoning (for both future & current IZ owners/renters), visit: [www.dhcd.dc.gov](http://www.dhcd.dc.gov)
- Thank you for participating in today's orientation!

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