

Office-to-Affordable Housing Task Force Agenda 11/15/2018

1. **Introductions and overview** – Andrew Trueblood, OP (10 min)
 - Introductions
 - This is the second of four Task Force meetings, report due in February; December and January meetings will focus on specific recommendations
 - Goals for this meeting:
 - Solidify steps to finalize committee tasks
 - Determine report components
 - Discuss recommendation framework
 - Both committees have short list of tasks they are working on.
 - **By December 7, committees should compile write-ups for each task, along with any other materials related to the findings**
 - We will circulate these write-ups ahead of the December 12 meeting, and they will feed into the final report
2. **Update from Practical Challenges and Solutions Committee** – Sara Bardin, DCOZ (30 min)
 - Updates
 - PCSC Committee met last week via conference call
 - PowerPoint presentation (see for additional details)
 - Code related issues
 - What will change in use trigger?
 - Physical modifications
 - Use three sample buildings to illustrate the types of physical changes needed for conversion and costs
 - Related Topics: envelope, parking, and roof modifications
 - Zoning Commission/Administrator
 - Timeframe if conversion requires a PUD
 - What would be the consequences of changes in parking ratios?
 - Commercial Space/Unit Specs/Location
 - Mixed use conversion
 - Possible loss of low-cost office space for small businesses
 - Should the conversion target families or smaller units
 - Most conversions produce smaller, darker, deeper units
 - Other Topics
 - Stormwater management
 - Limited budgets, when obtaining agency approvals
 - Questions and discussion
 - There may not be excess supply and per square foot lease costs may be higher than anticipated
 - It would be helpful to do an early screening of projects, looking at high-cost issues.
 - Next steps
 - Draft by December 7

- Structural Challenges
 - Issues involved
 - Issues for further study
 - Which issues are major cost drivers
 - Include three example buildings
 - Early screening process
 - Opportunities
- Regulatory Challenges
- Policy Challenges

Practical Challenges and Solutions Committee Tasks:

1. Structural challenges
2. Regulatory challenges
3. Zoning and policy challenges
4. Solutions to address structural, regulatory, zoning, and policy challenges

3. **Update from Finance Committee** – Allison Ladd, DHCD (30 min)

- Updates
 - Discussion of DHCD cost analysis of HPTF substantial rehab versus new construction costs for multifamily residential
 - Discussion of analysis of vacancy and rent rates for class B office space 2016-2018 in Downtown DC
 - Need to expand analysis beyond Downtown DC, into smaller buildings, and into class C office space
 - Consider easing zoning change from office to multifamily residential or mixed use to facilitate razing structures and rebuilding with higher density
- Questions and discussion
 - Construction costs are getting higher in the District
 - Fewer contractors seem to be working in the District, which contributes to increasing construction costs
 - Ways to look at costs for units with multiple bedrooms
- Next steps
 - Consider the following
 - Potential funding sources
 - Financing through public or private sources
 - Zoning changes
 - Density bonuses
 - Draft write-up
 - Estimation of conversion costs
 - Compare conversion costs to HPTF costs
 - Estimation of size of market of vacant office space

Finance Committee Tasks:

1. Estimate costs of office-to-housing transition
2. Compare to costs of funding new construction and rehabilitation of affordable housing through Housing Production Trust Fund
3. Estimate the potential size of the market for conversion to determine the estimated magnitude of the benefit of transitioning office to affordable housing
4. Potential funding sources or alternative approaches to addressing gap

4. Discussion of report content – facilitated by Andrew Trueblood, OP (30 min)

Committee tasks were assigned based on these three legislated requirements:

1. Would transitioning vacant commercial office space to affordable housing units, including units with multiple bedrooms help address the housing challenge?
 - Finance Committee – estimate the potential size of the market for conversion
 - Finance Committee – compare to costs of funding new construction/rehabilitation through HPTF
2. Recommend any legislative, regulatory, or policy changes that would promote the transition of office to affordable housing units, including units with multiple bedrooms
 - Practical Challenges Committee – all tasks
 - Finance committee – financing sources
3. Note any costs to the District and property owners associated with the recommended changes, and offer recommendations to fund those costs
 - Finance Committee – estimate the costs of conversion
 - Potential funding sources

Are there other topics the report should cover? Other analysis that should be included to address the questions outlined in the legislation?

Zoning – FAR is more favorable for residential. However, may not need more FAR since substantial sections of office floor plate may need to be carved out in order to convert to residential.

5. Next steps – Andrew Trueblood, OP (5 min)

- Committees – compile write-ups and supplementary materials for tasks by December 7
- Materials will be circulated and we will discuss recommendations at December 12 meeting