



District of Columbia Housing Authority

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Michael Kelly, Executive Director

June 4, 2009

National Capital Planning Commission
401 9th Street, NW
North Lobby, Suite 500
Washington D.C. 20004

Dear Members of the Commission:

The District of Columbia Housing Authority has strong objections to the letter sent by the US Marine Corps dated June 3, 2009 to the Zoning Commission requesting that the Commission delay our Second Stage PUD application for Square 882.

In the letter, the US Marine Corps requests that the Zoning Commission re-open the approval process on our application so that they can complete an undefined master planning exercise. DCHA and the residents of public housing will be irreparably harmed by further delays in this project. We respectfully request that the Commissioners of NCPC act without further delay so that the long predevelopment process that is before you will finally commence.

Our objection can be summarized as follows:

1. Delay in obtaining approval for our Second Stage PUD application will delay our ability to float a \$55 million Payment in Lieu of Taxes (PILOT) bond authorized by the DC Council as a financing source for the massive public infrastructure work that is required at the Capper Carrollsburg HOPE VI site.

In 2008, the DC Council passed legislation authorizing the DC Housing Authority to issue PILOT bonds to finance the public infrastructure in and around the Capper Carrollsburg HOPE VI site. The construction of the public infrastructure was a District commitment to the US Department of Housing and Urban Development after the housing authority was awarded the HOPE VI grant for Capper Carrollsburg.

PILOT bonds are to be repaid from real estate taxes generated from privately owned real estate constructed at the Capper Carrollsburg site. DCHA was authorized to issue a PILOT bond with a maximum face value of \$55 million. Without a steady stream of new construction starts and new real estate tax revenues, we are unable to issue a PILOT bond. Moreover, given the limited access to capital and the general downturn in the municipal finance market, further delays in obtaining zoning approvals will only delay

our ability to generate taxes and therefore issue a bond to support the infrastructure development.

In particular, the next 3 squares (798, 799 and 800), which includes the 2nd phase of the town homes (163 units), has 2nd stage approval and has been designed. Commencement of construction depends on prompt installation of its infrastructure.

2. Further Zoning Commission approval delays will not allow the DCHA to meet its obligations under the recently approved PUD for the Capper Carrollsburg site because we will not have funding in place to finance the design and construction of the Community Center.

DCHA has proposed to finance the construction of the Community Center from a portion of the proceeds generated through the land sales proceeds of Square 882 to our development partners or from a portion of the PILOT bond proceeds. The recent Zoning Commission order for this project establishes a strict timeline for the permitting and construction of the Community Center. Continued delays in the delivery of the center will frustrate community residents who have been planning for increased community services in the area and may potentially have an impact on our future redevelopment efforts on this site.

3. Failure to obtain Second Stage PUD approval will further delay our ability to market the commercial real estate to prospective tenants. In large part due to the limited access to construction loans, lenders are requiring that a larger percentage of the proposed building be leased prior to banks committing to provide construction loans. The first step to marketing this parcel is showing prospective tenants that DCHA and our development partners have the required zoning approvals in place. Further delays frustrate our ability to continue to move this deal forward. And as previously outlined, if we are unable to market the building, we are unable to finance the construction, which in turn means that we cannot secure land sales proceeds, which in turn affects our ability to generate real estate taxes to payoff the PILOT bonds that we need to issue.

4. Failure to obtain zoning approval in a timely manner further delays our ability to produce the much needed public housing units at the Capper Carrollsburg site. Capper is the largest Hope VI project in the nation and it incorporates a 1:1 replacement of public housing units in the redeveloped community. As part of our HOPE VI commitment to HUD and the former public housing residents, DCHA committed to producing no less than 707 public housing units. This grant condition was also incorporated in previous Zoning Commission orders as a condition that we must adhere to.

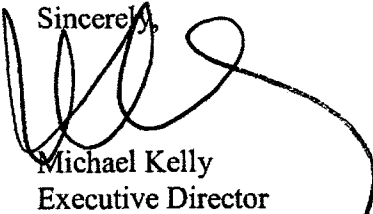
In 2003, approximately 700 families were relocated from the former Arthur Capper and Carrollsburg public housing communities that occupied the land that is currently under development. Families were relocated under the premise that they would return to this redeveloped community. Given financing and other market delays, many families have been waiting for over six years to re-establish roots in a neighborhood that they had previously called home. We do not want to further delay the dreams and aspirations of

former Capper Carrollsburg residents through unwarranted delays in the zoning approval process.

In conclusion, the objections in the zoning process have increased our legal and other pre-development costs beyond our initial budget. In these austere economic times we need to monitor closely our limited budgets. As a public agency we rely on HUD funds to support our predevelopment efforts or on our ability to leverage our land to increase funds dedicated to our projects. As you are well aware, the HUD HOPE VI grant was used in large part to relocate residents and produce the over 300 units of public housing that have been constructed at the site. Future predevelopment funds will come from either leveraging our public housing land or from development fees. Without zoning approval we can not generate the funds necessary to finance the construction of the remaining public housing units, the community building or the public infrastructure.

We respectfully request that the delay requested by the US Marine Corps be denied.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Kelly', with a long, sweeping horizontal line extending to the right.

Michael Kelly
Executive Director