



## MEMORANDUM

**TO:** District of Columbia Zoning Commission

**FROM:** *JL for* Jennifer Steingasser, Deputy Director Development Review & Historic Preservation

**DATE:** December 29, 2014

**SUBJECT:** ZC 03-12 Q / 03-13 Q –OP Supplemental Report on Modification Request for Residential Buildings in Squares 739, 767 and 768 of Capper-Carrollsbury Preliminary PUD

### I. SUMMARY OF PRELIMINARY PUD MODIFICATION REQUESTS, AND OP RECOMMENDATIONS

<b>Applicant:</b>	Capper/Carrollsbury Venture LLC and DC Housing Authority
<b>Address:</b>	Sq. 739, Lots 800, 801, 802 ; Sq. 767, Lots 44, 45, 46; Sq. 768, Lots 19, 20, 21, 22
<b>Ward / ANC</b>	Ward 6, Within ANC 6D
<b>Project Summary:</b>	Three buildings totaling 736 residential units and 21,250 square feet of ground floor retail uses. 236 of the residential units are required to be ACC rental housing.
<b>Summary of Order Requirements for Which Modifications are Requested</b>	<p><b>Off-Site Square 737</b> former DCHA-owned Lot 16 now part of "Park Chelsea" by-right development 130 feet and 13-14 stories 432 residential units incl. 30 ACC rental units that were to have been in PUD: 15 in Phase 2 and 15 in Phase 3 of the development</p> <p><b>Sq. 739 PUD Requirements</b> 65-30 ft &amp; 6-13 stories 7.08 FAR; 73% lot occ. 420,763 sf residential 322 residential units, incl. 98 ACC rental 9250 sf retail</p> <p><b>Sq. 767 PUD Requirements</b> 65 ft. &amp; 5 stories 4.58 FAR; 76% lot occ. 176,210 sf residential 147 residential units incl. 66 ACC rental 6,000 sf retail</p> <p><b>Sq. 768 PUD Requirements</b> 140 ft. &amp; 11 stories 9.9 FAR; 70% lot occ. 388,052 sf residential 295 residential units incl. 73 ACC rental 6,000 sf retail</p> <p><b>Sq. 769A</b></p>
<b>First Requested Modification And OP Recommendation</b>	<ul style="list-style-type: none"> <li><b>Modification Request 1:</b> The applicant has requested permission to locate 30 of the PUD's required 707 low and moderate income rental unit (ACC) units in a high-density market rate residential development under construction in Square 737, outside of and adjacent to the PUD boundaries. <b>Applicant's December 19, 2014 Update:</b> 15 units shall be in Square 737's Phase 2 and shall be completed by June 30, 2017; 15 units shall be in Phase 3 and shall be completed by June 30, 2020.</li> </ul>



	<ul style="list-style-type: none"> <li>• <b>OP Note:</b> Because Square 737 is located in a TDR receiving zone it is not subject to Inclusionary Zoning and is not otherwise required to provide affordable housing.</li> </ul> <p><b>OP Recommendation:</b> <i>Approve the request to permit the off-site construction of 30 required affordable units on a property in Square 737, adjacent to the PUD boundaries, <b>subject to the following conditions</b>, in addition to those approved in previous Orders:</i></p> <ul style="list-style-type: none"> <li>• <i>No fewer than 15 units and no more than 30 units shall be located in Phase 2 of the development in Square 737 and shall be completed no later than June 30, 2017;</i></li> <li>• <i>The balance of the 30 affordable units shall be located in Phase 3 of the development in Square 737 and shall be completed no later than June 30, 2020.</i></li> <li>• <i>Among the 30 units there shall be:</i> <ul style="list-style-type: none"> <li>○ <i>8 efficiency units averaging approximately 480 square feet each;</i></li> <li>○ <i>14 one-bedroom units averaging approximately 730 square feet each;</i></li> <li>○ <i>7 two-bedroom units averaging 1,030 square feet each;</i></li> <li>○ <i>1 unit of an undetermined configuration and size.</i></li> <li>○ <i>Of the above units two shall be fully accessible to the physically disabled.</i></li> </ul> </li> <li>• <i>The units shall be indistinguishable from market rate units and shall be distributed throughout all but the top two floors of the construction.</i></li> <li>• <i>Occupants of units shall have access to all building amenity spaces without payment of amenity fees.</i></li> <li>• <i>Prior to the Commission's final vote the applicant shall supply proposed language modifying the relevant conditions of previous orders for this PUD.</i></li> </ul>
<b>Second Modification Request</b>  (as revised 4/29/14 and 12/19/14, with most recent deletions <del>struck through</del> and additions <u>underlined</u> )	<p><b><u>Modification Request 2 (in addition to Modification Request 1):</u></b> 206 ACC units shall be constructed <del>on any one or more of the undeveloped Squares in the PUD</del> among Squares 767, 768 and 739, <u>with the percentage of ACC units on each parcel to be no less than fifteen percent (15%) of the total number of residential units on the parcel.</u></p> <p><b>OP Recommendation:</b> <i>Approve, subject to the following <u>underlined</u> modifications :</i></p> <ul style="list-style-type: none"> <li>• <i>206 ACC units shall be constructed among Squares 767, 768 and 739, with the percentage of ACC units <u>within each Square</u> to be <u>no less than 15% and no more than 50%</u> of the total number of residential units on the <u>Square parcel</u>.</i></li> </ul>

## II. BACKGROUND OF MODIFICATION REQUEST

The Capper-Carrollsborg PUD is required to replace 707 public housing units that previously had been on the PUD site. The PUD Orders also commit the applicant to the construction of 1,040 units of market rate housing. The residential unit status, as of December, 2014 is listed in the following table:

Target Income	Required # of Units	# of Units Completed or Under Construction	% of Units Completed or Under Construction
Public (ACC)	707	437	62%
Market Rate	1040	393	38%
Total	1747	830	48%

386 replacement public housing (ACC) units have been constructed within the PUD boundaries, 12 ACC units have been constructed off-site at the Kentucky Courts project, and 39 ACC units are under construction in Square 882 N. 34 ACC units are also committed to being constructed in Square 769A in the 200 block of L Street, SE.

### **Original Modification Request**

At its public meeting on February 10, 2014 the Zoning Commission voted to set down the following Applicant requests concerning the location of 236 ACC units not noted above.

- To locate 30 ACC units in Square 737, which is just outside of the boundaries of the PUD.
  - Development in this Square is now underway and scheduled to be completed in three phases.
    - The Applicant proposed locating 15 units in Phase 2 and 15 units in Phase 3.
    - Two of the units will meet construction requirements for the physically disabled.
- To locate 99 ACC units in Square 739, rather than the 98 ACC units now required for that Square;
- To locate 48 ACC units in Square 767, rather than the 66 ACC units now required for that Square;
- To locate 59 ACC units in Square 768, rather than the 73 ACC units now required for that Square.

The Commission delayed consideration of PUD extension request ZC 03-12R/03-13R until after completion of the review of the above requests.

### **Current Revised Modification Request**

Since Setdown the applicant has amended its requests.

1. The request to construct 30 ACC units offsite in Phases 2 and 3 of the Square 737 development remains, and the applicant has specified that 15 units would be delivered by 2017, with the remaining 15 units to be delivered by 2020.
2. In April 2014, the applicant revised its earlier modification request and asked the Commission to permit the remaining 206 ACC units to be constructed anywhere among the undeveloped Squares within the PUD boundaries. OP, ANC 6D and members of the public opposed the revised request. After discussions with OP the applicant then modified its request on December 19, 2014 to permit the remaining 206 units to be constructed on Squares 729, 767 and 768, with no less than 15% of the units in each of these Squares to be ACC units.

The proposed revisions of December 19, 2014 differ somewhat from what OP and the applicant had discussed earlier that month. The recommended OP revisions reflect the earlier discussions.

## **III. EVALUATION OF THE REVISED MODIFICATION REQUESTS**

- A. For the requested relocation of the 30 ACC units to Square 737, OP is encouraged that an agreement has been reached committing a private sector developer to the units' construction. The units will be fully integrated into the market rate development and tenants will not be subject to the additional costs of amenity fees. This is consistent with the objectives of the PUD.

However, OP regrets that the proposed schedule would not have all of the units delivered until Phase 3 of the Square 737 development is completed in mid-2020. OP encourages the applicant and the

Square 737 developer to deliver more than 15 units with the 2<sup>nd</sup> Phase of the development, which the recommended conditions would permit.

- B. OP was opposed to the second modification request, concerning the remaining affordable units that would not be constructed on Square 737, as that request was written in April, 2014. OP was concerned that if the market rate/ACC rate co-location requirements were completely removed for the remaining 206 ACC units, the PUD conditions would no longer explicitly prohibit concentrating the ACC units in one or two of the remaining PUD Squares or buildings.

However, the applicant's December 19, 2014 filing has done much to satisfy OP's concerns about this. For the overall PUD the percentage of required ACC units completed or under construction is twice that of market rate units completed or under construction. The applicant has also explained the impact of a tighter post 2008 financing market for construction and take-out loans and the greater reluctance of lenders to loan money for mixed-income buildings.

In a more progressive financial market OP would be reluctant to recommend approval of a modification permitting separate market rate and affordable buildings, even within the same Square. However, OP is satisfied that permitting the applicant some flexibility on ACC unit location is necessary to get the units built, and that imposing both a base and upper percentage of affordable units in each of the Squares is an acceptable compromise for ensuring housing is built and income segregation is kept to a minimum.

OP further notes that if the requested modifications are accepted, with or without the conditions recommended by OP, the Zoning Commission would still be able to examine the consistency of future units' locations with the PUD's objectives during each second stage review

#### **IV. INFORMATION NEEDED BY HEARING**

The applicant should clarify why the Declaration of Affordability Covenants (Applicant-submission, Exhibit A) refers to the development in Square 737 being constructed in two Phases, and the proposal to the Commission refers to the construction being completed in three Phases.

#### **V. COMMENTS OF OTHER AGENCIES**

No other agencies had commented at the time this report was completed.

#### **VI. COMMUNITY COMMENTS**

ANC 6D voted on June 9, 2014 to:

- Support the requests to 1) Extend the PUD, and 2) Locate thirty ACC units on Square 737;
- Oppose the requested flexibility for the remaining ACC units now scheduled for location on Squares 739, 767 and 769;

As of December 29, 2014, the ANC had not reviewed the applicant's December 19, 2014 revisions, which would require a 15% minimum percentage of ACC units on each of the remaining parcels.