

LAW OFFICES
GRIFFIN, MURPHY, MOLDENHAUER & WIGGINS, LLP

MARK G. GRIFFIN (DC, MD)
BRIAN P. MURPHY (DC, MD)
ASHLEY E. WIGGINS (DC, MD, VA)
MERIDITH H. MOLDENHAUER (DC, MD, VA)
ERIC M. DANIEL (MD, DC)

DIRECT DIAL: 202-530-1482
DIRECT EMAIL: mmoldenhauer@washlaw.com

February 6, 2014

Chairman Lloyd Jordan
Board of Zoning Adjustment
441 4th Street, NW
Suite 210S
Washington, DC 20001

Re: Application No. 18688 – Posthearing Submission of the Applicant

Chairman Jordan and Honorable Members of the Board:

On behalf of Applicant Lock 7 Development, LLC, enclosed please find the Posthearing Submission for the above-referenced application. At the conclusion of the hearing on February 4, 2014, the Board of Zoning Adjustment (the “Board”) left the record open for the Applicant to submit the powerpoint presented at the hearing. A decision date has been set for February 11, 2014.

The powerpoint illustrates the exceptional conditions and the lack of viability for alternative developments absent the requested relief. The ProForma and Construction Budget included in the powerpoint have two minor modifications. First, the Applicant’s ProFormas previously set aside all IZ units for moderate-income households. However, under 11 DCMR §2603.3, half of the IZ units must be set aside for moderate-income households and half must be set aside at a more affordable rate for low-income households. The IZ units are now properly allocated for low-income households resulting in slightly lower returns across the board. Second, the Applicant’s Construction Budget previously listed a \$40,000 expenditure for façade stabilization. Because the façade will be demolished in Alternatives 1 and 2, this line item now reflects a \$25,000 expenditure for demolition of the façade and first floor building materials. The \$15,000 difference in this line item, in the context of a real estate project of this size, is nominal. While the concepts and conclusions are the same, that all alternatives are not financially feasible, in an abundance of caution the Applicant wanted to make sure the Board was aware of these minor edits.

Thank you for your attention to this matter.

Sincerely,

GRIFFIN, MURPHY,
MOLDENHAUER & WIGGINS, LLP



By: Meridith H. Moldenhauer

Board of Zoning Adjustment
District of Columbia

BZA Application:

1348-1356 Florida Ave NE

BZA Case No. 18688

Presented by:

Meridith Moldenhauer

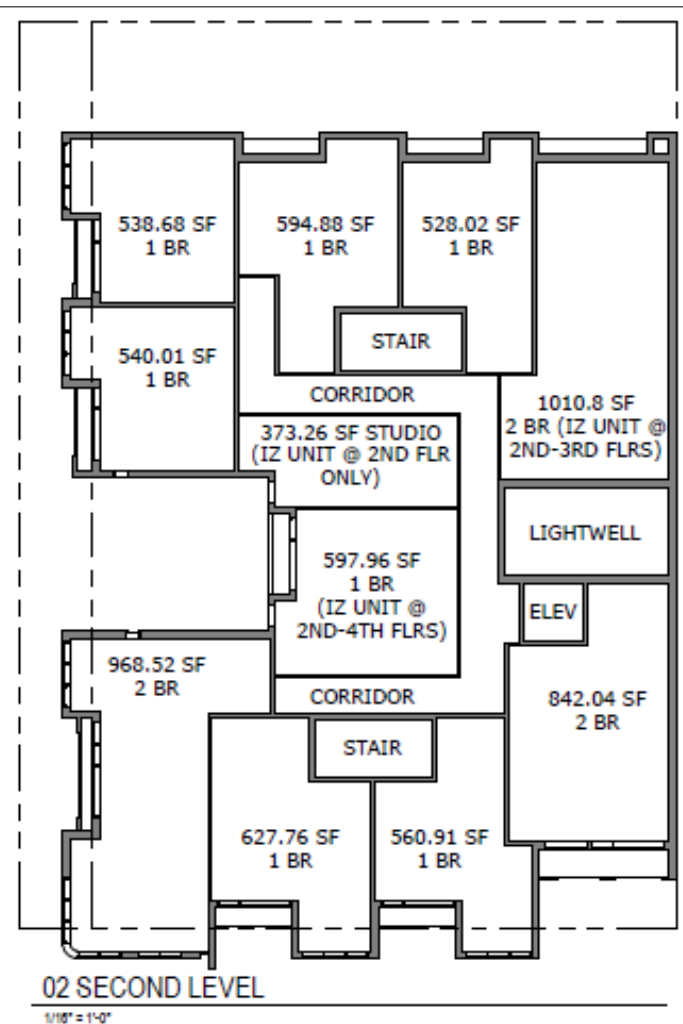
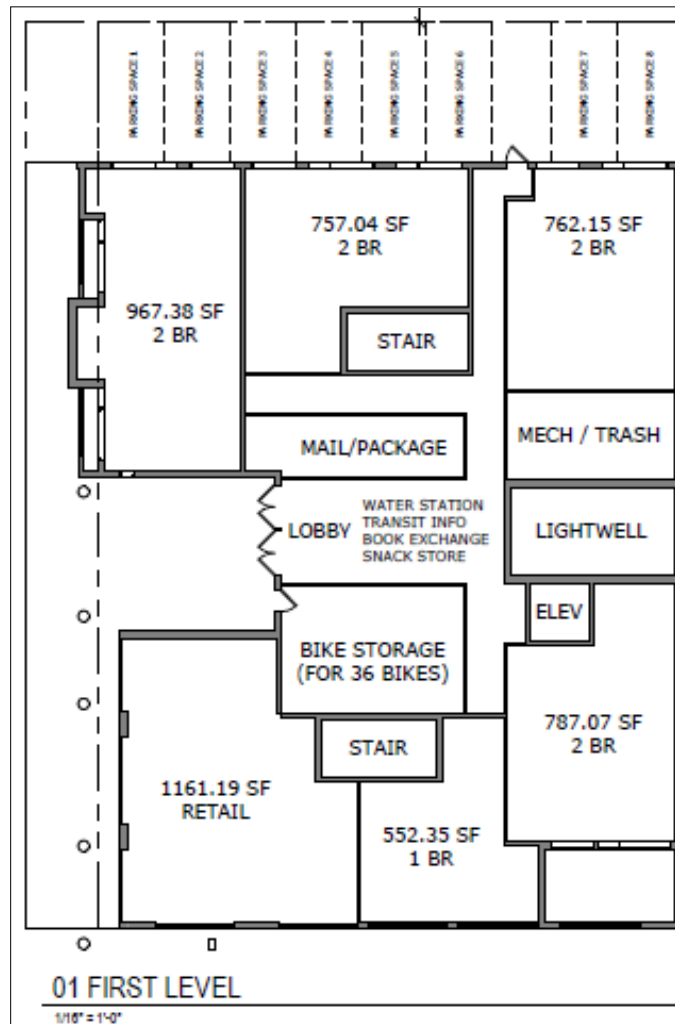
Griffin, Murphy,
Moldenhauer & Wiggins, LLP



Zoning Relief Sought

- Height – 5 feet of relief
- FAR – 0.5 FAR relief
- Parking

Inclusionary Zoning Units Provided



Design Modification



Previous Rendering



Revised Rendering

Design Modification



Previous Rendering



Revised Rendering

Feasibility of Complying with ZR

□ Evaluated 3 Alternatives

1. Matter of Right
2. Matter of Right as to Height / Request FAR relief
3. Matter of Right as to FAR / Request Height relief

ALTERNATIVE PLAN 1: 50'-0"/3.0 FAR/4 STORY

ZONING ANALYSIS

SQUARE - 4068 / LOT - 116, 147, 146, 145, 144 / C-2-A - ZONING

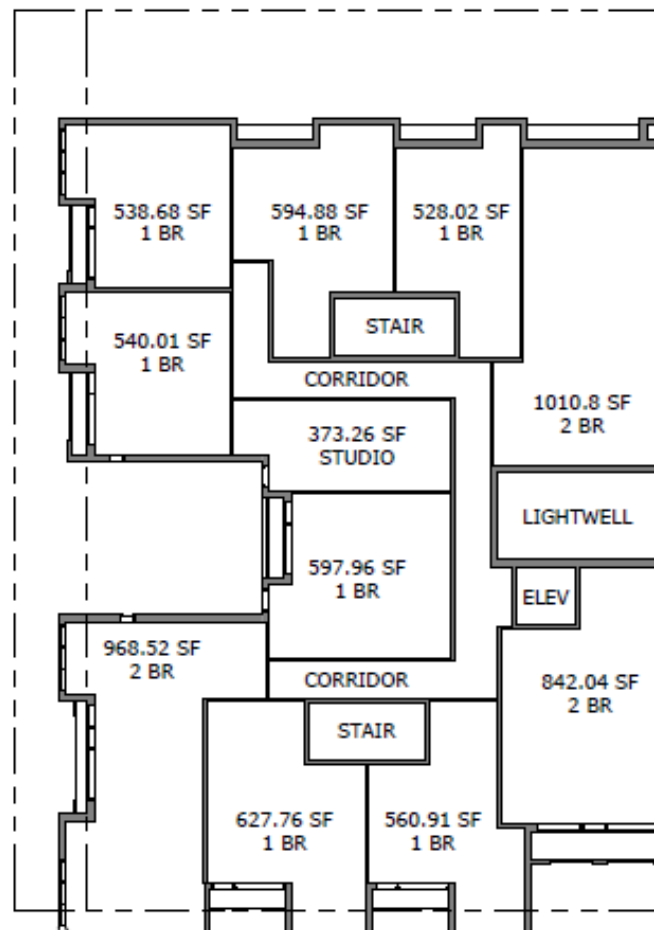
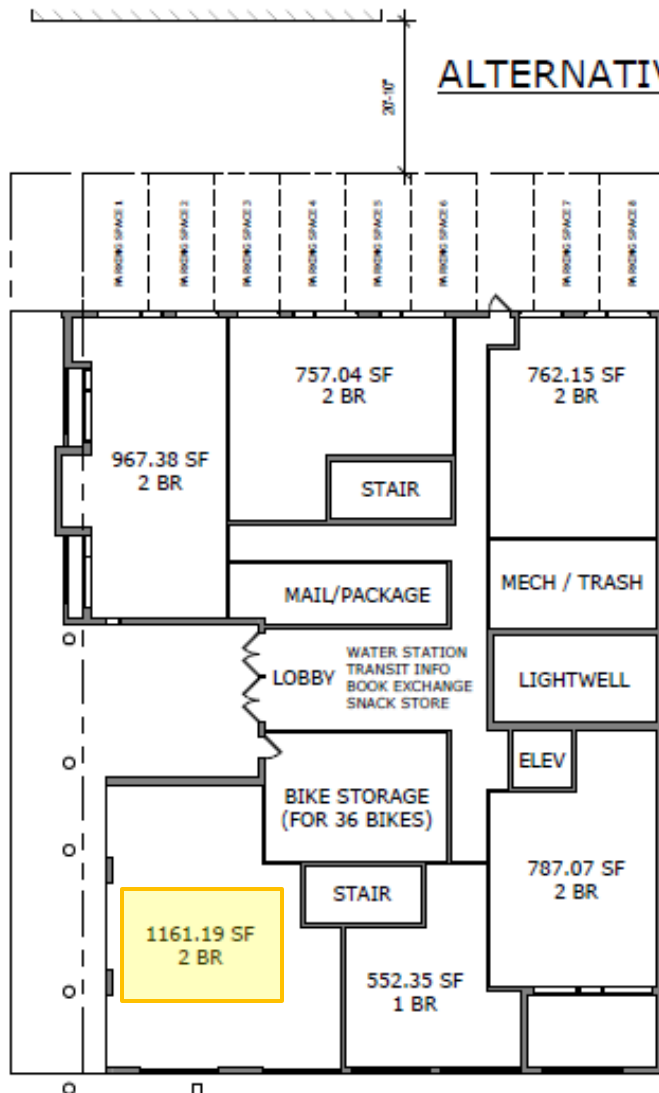
	EXISTING/ALLOWABLE	PROPOSED
Lot Area:	11,167 SF	11,167 SF
F.A.R.	3.0 (33,501 SF)	2.8
Lot Occupancy:	75% (8,375 SF)	70% (7,826 SF)
Building Height:	50'-0"	50'-0"
# of Stories:	NO UNIT	4
Rear Yard Setback:	15'-0"	15'-0"
Side Yard Setback:	NONE REQUIRED	NONE REQUIRED
Parking:	1 SPACE / 2 UNITS	8

F.A.R. PROPOSED

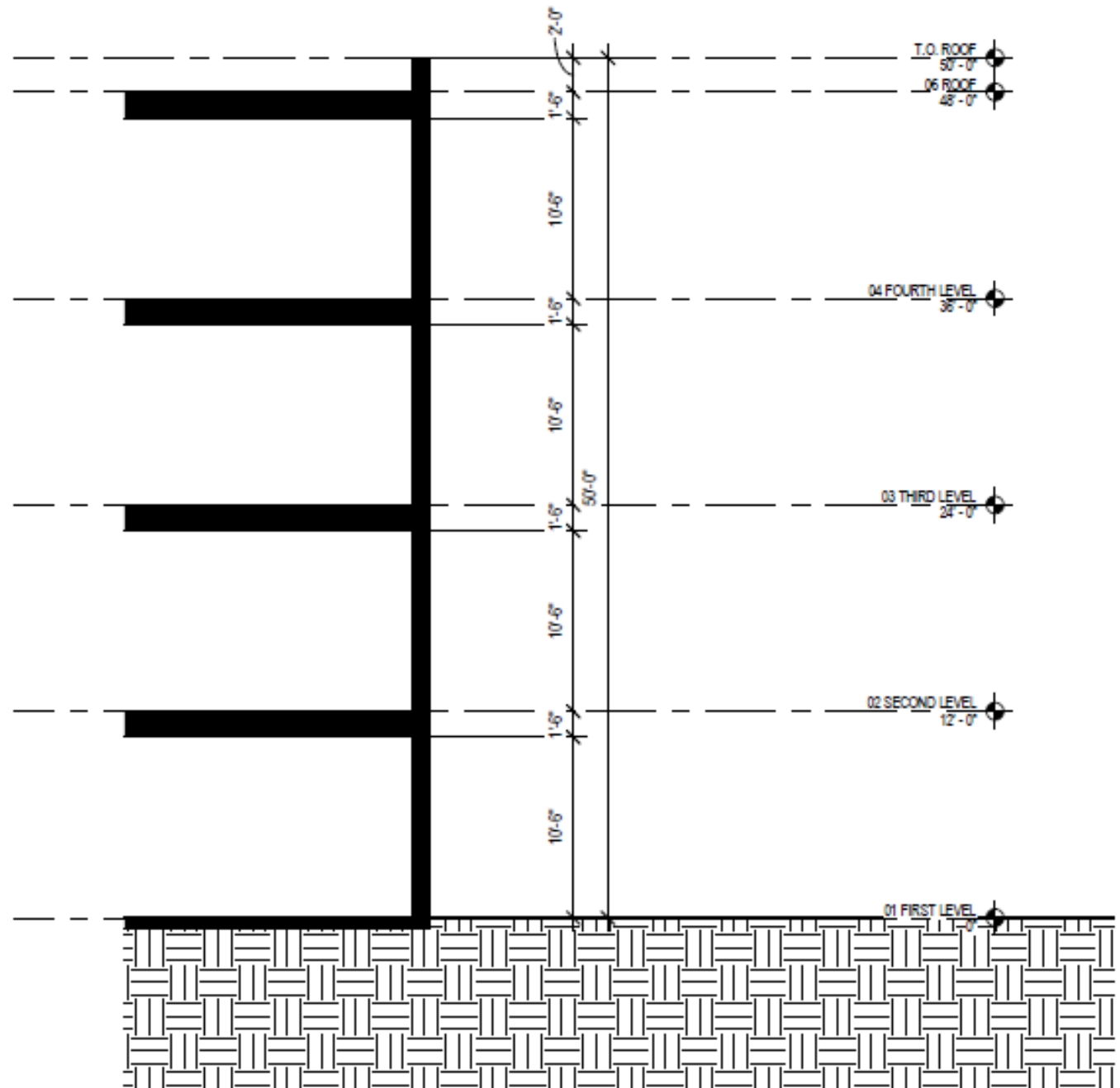
FIRST LEVEL -	7,778 SF
SECOND LEVEL -	7,826 SF
THIRD LEVEL -	7,826 SF
FOURTH LEVEL -	7,826 SF
TOTAL -	31,256 SF
FAR -	2.8

UNIT SUMMARY

FLOOR	# OF UNITS
1	6 UNITS
2	11 UNITS
3	11 UNITS
4	11 UNITS
TOTAL	39 UNITS (10 UNITS LESS THAN PROPOSED)



Alternative 1:
Elevation



ALTERNATIVE PLAN 2: 50'-0"/3.5 FAR/5 STORY

ZONING ANALYSIS

SQUARE - 4068 / LOT - 116, 147, 146, 145, 144 / C-2-A - ZONING

	EXISTING/ALLOWABLE	PROPOSED
Lot Area:	11,167 SF	11,167 SF
F.A.R.	3.5 (39,084 SF)	3.5
Lot Occupancy:	75% (8,375 SF)	70% (7,826 SF)
Building Height:	50'-0"	50'-0"
# of Stories:	NO LIMIT	5
Rear Yard Setback:	15'-0"	15'-0"
Side Yard Setback:	NONE REQUIRED	NONE REQUIRED
Parking:	1 SPACE / 2 UNITS	8

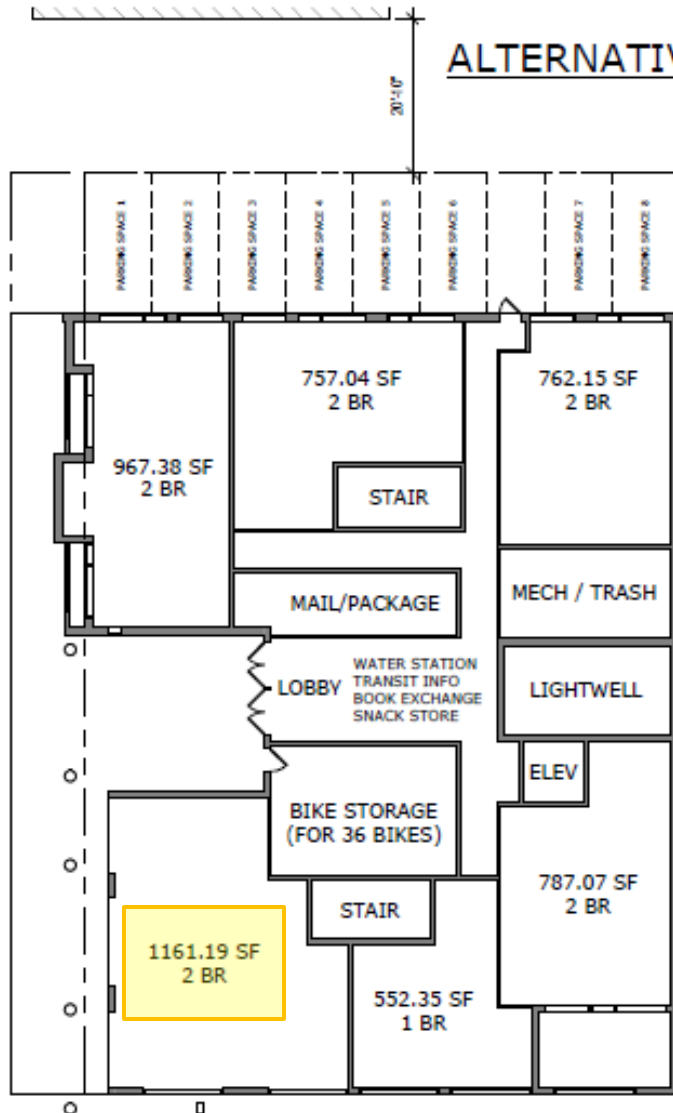
F.A.R. PROPOSED

FIRST LEVEL -	7,778 SF
SECOND LEVEL -	7,826 SF
THIRD LEVEL -	7,826 SF
FOURTH LEVEL -	7,826 SF
FIFTH LEVEL -	7,826 SF
TOTAL -	39,082 SF
FAR -	3.5

UNIT SUMMARY

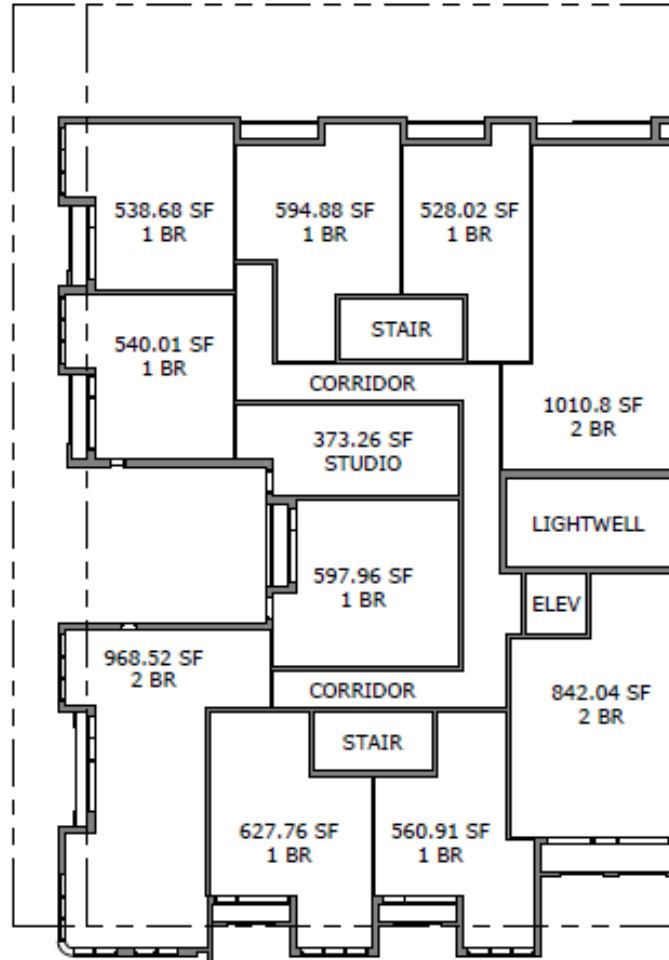
FLOOR	# OF UNITS
1	6 UNITS
2	11 UNITS
3	11 UNITS
4	11 UNITS
5	10 UNITS

TOTAL 49 UNITS (SIMILAR TO PROPOSED PROJECT, BUT NO RETAIL AND FLOOR TO CEILING HEIGHTS ARE SMALLER)



ALT3 FIRST LEVEL

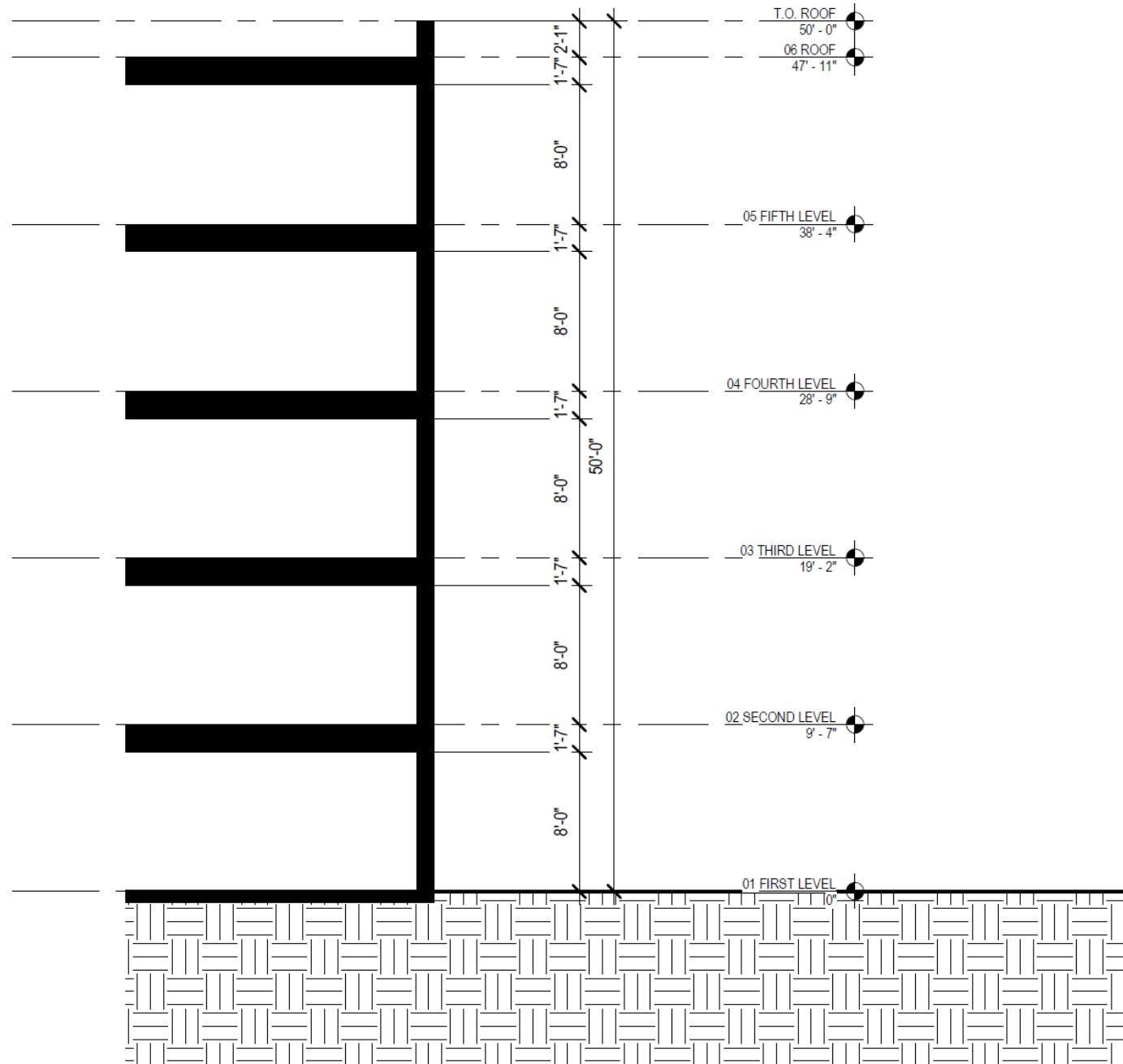
1/16" = 1'-0"



ALT3 TYPICAL LEVEL

1/16" = 1'-0"

Alternative 2: Elevation



ALTERNATIVE PLAN 3: 55'-0"/3.0 FAR/5 STORY

ZONING ANALYSIS

SQUARE - 4068 / LOT - 116, 147, 146, 145, 144 / C-2-A - ZONING

	EXISTING/ALLOWABLE	PROPOSED
Lot Area:	11,167 SF	11,167 SF
F.A.R.	3.0 (33,501 SF)	3.0
Lot Occupancy:	75% (8,375 SF)	70% (7,826 SF)
Building Height:	55'-0"	55'-0"
# of Stories:	NO LIMIT	5
Rear Yard Setback:	15'-0"	15'-0"
Side Yard Setback:	NONE REQUIRED	NONE REQUIRED
Parking:	1 SPACE / 2 UNITS	8

F.A.R. PROPOSED

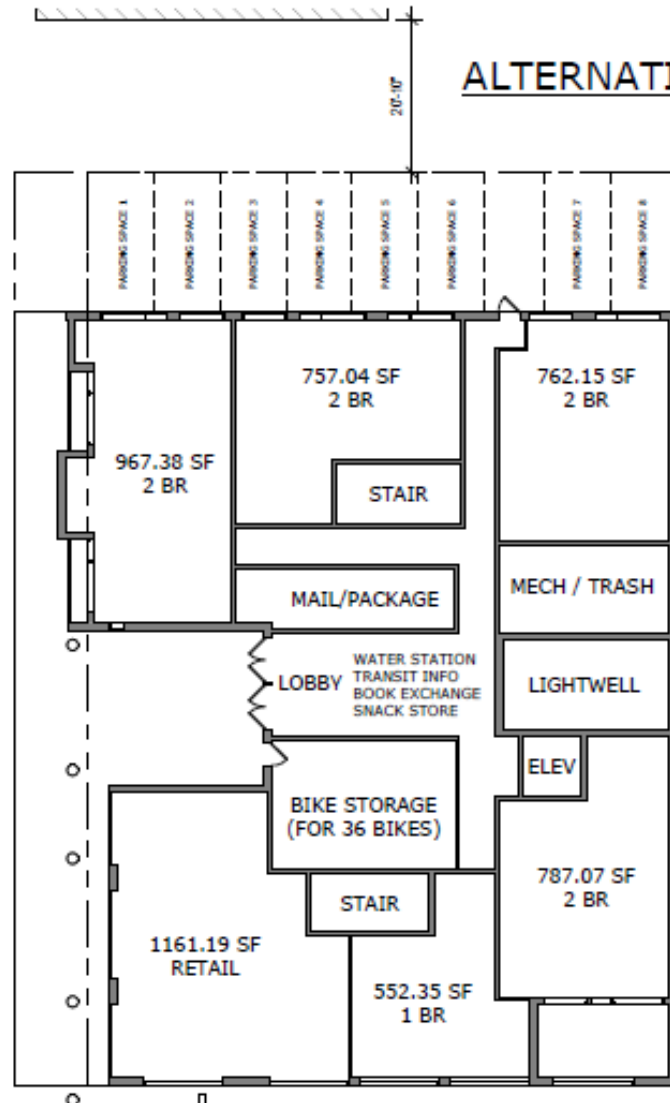
FIRST LEVEL -	7,778 SF
SECOND LEVEL -	7,826 SF
THIRD LEVEL -	7,826 SF
FOURTH LEVEL -	7,826 SF
FIFTH LEVEL -	2,345 SF
TOTAL -	33,501 SF

FAR - 3.0

UNIT SUMMARY

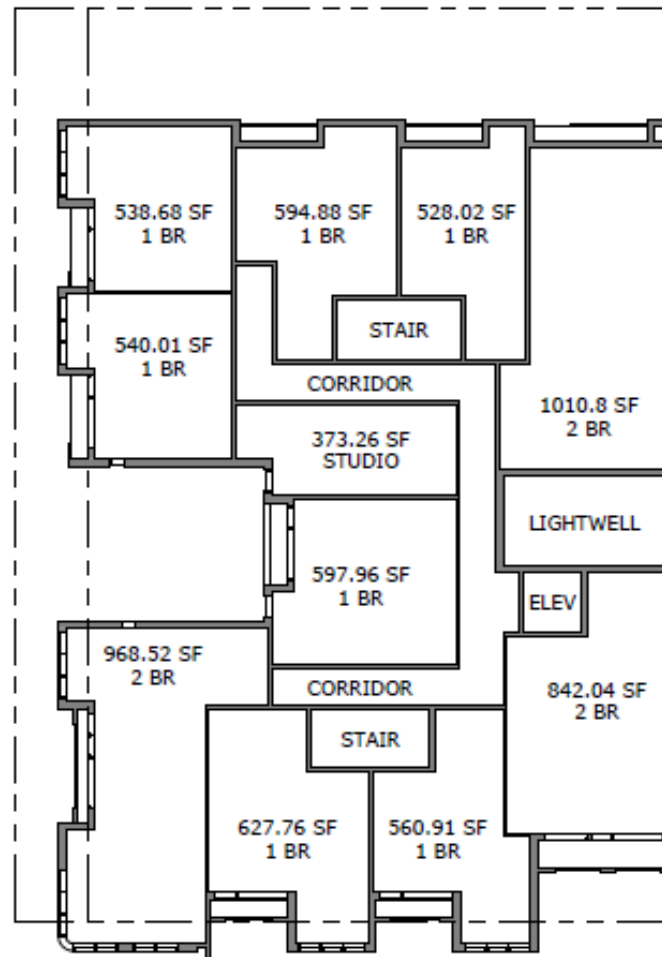
FLOOR	# OF UNITS
1	5 UNITS
2	11 UNITS
3	11 UNITS
4	11 UNITS
5	4 UNITS

TOTAL 42 UNITS (7 UNITS LESS THAN PROPOSED, PARTIAL 5TH LEVEL)



ALT4 FIRST LEVEL

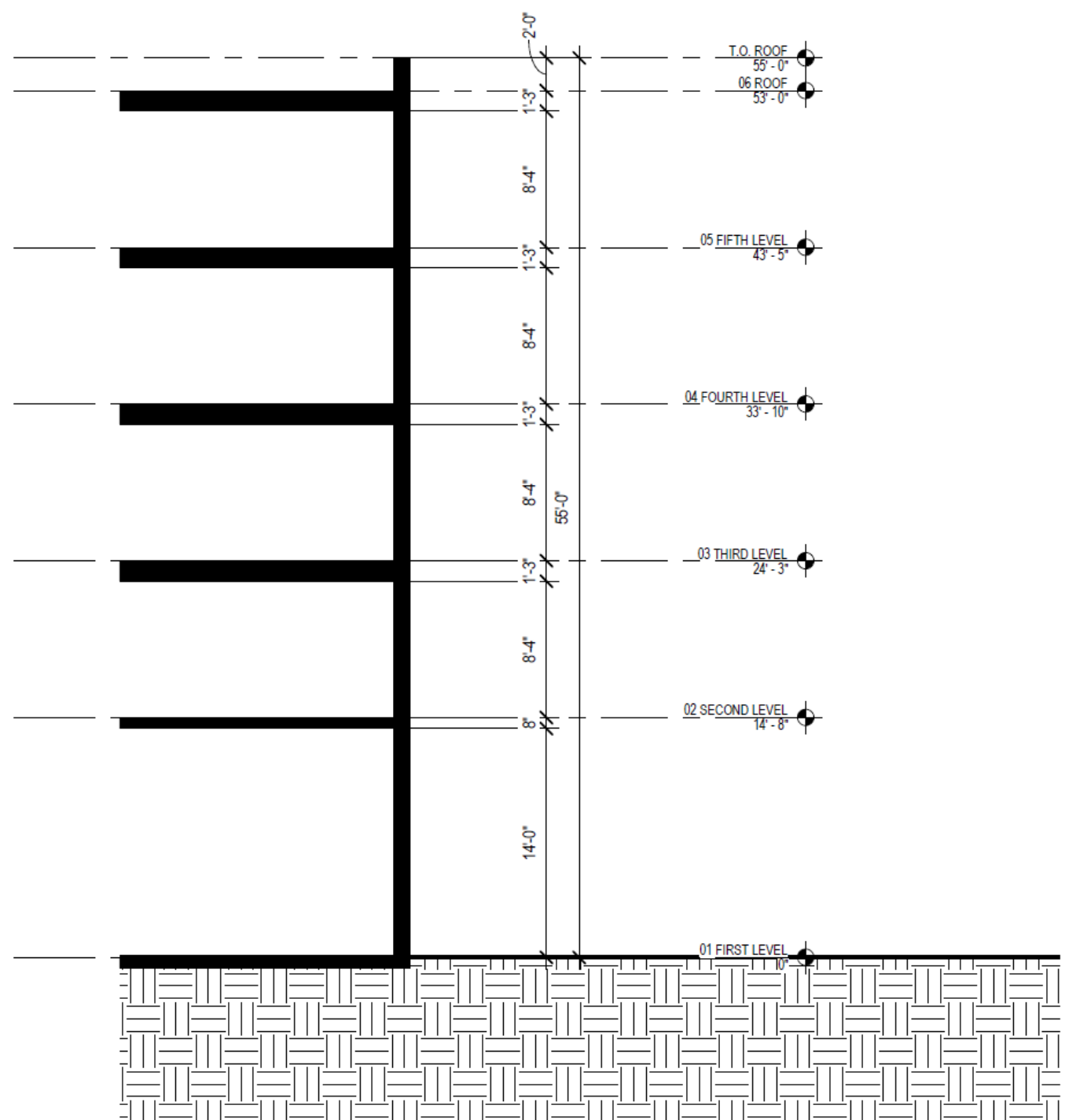
1/16" = 1'-0"



ALT4 TYPICAL LEVEL

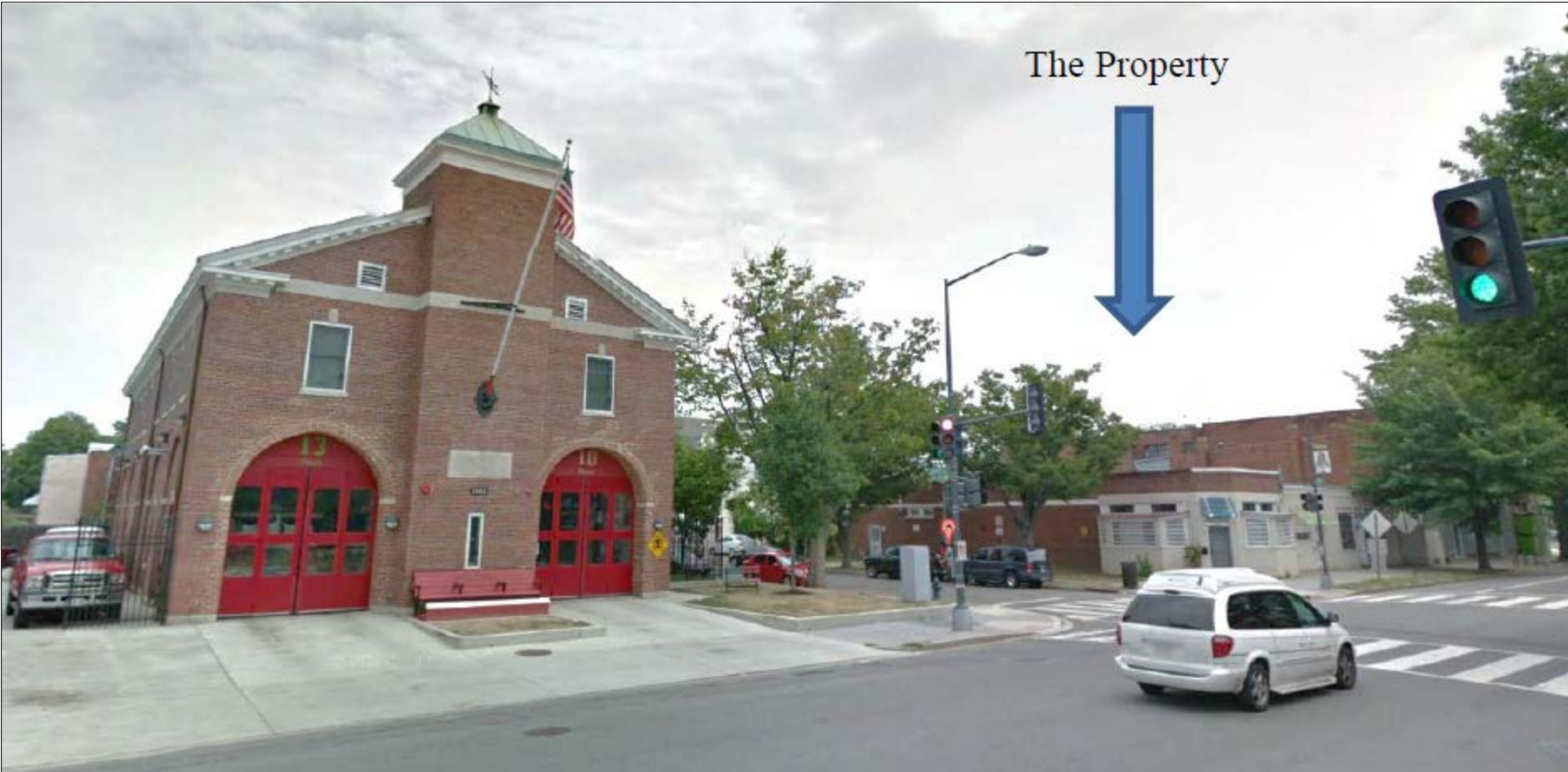
1/16" = 1'-0"

Alternative 3: Elevation



Acoustical Impacts to Marketability

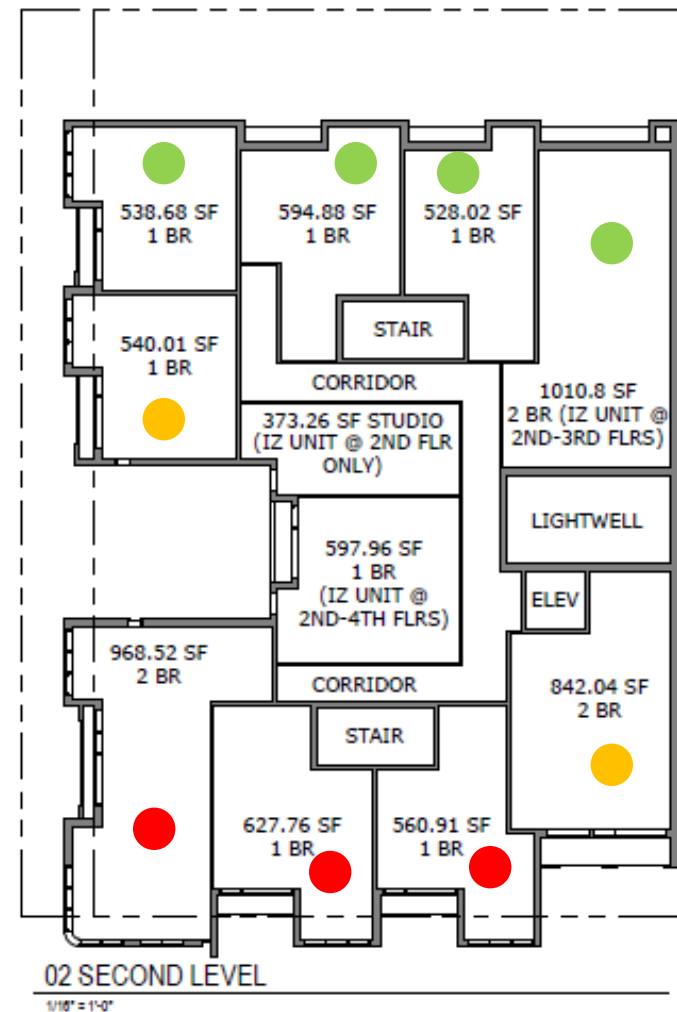
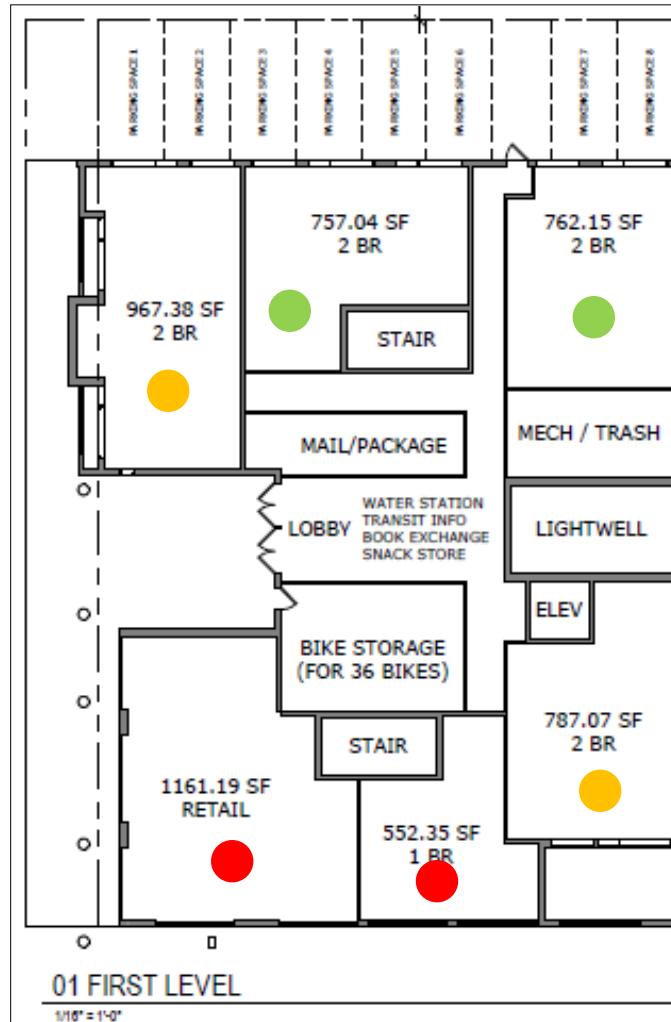
The Property



Acoustical Impacts on Units

DEGREE OF ACOUSTICAL IMPACT

- High Impact
- Medium Impact
- Limited Impact



Financial Infeasibility

- Several exceptional circumstances at the Property
- The exceptional circumstances make a matter of right project financially infeasible
- The various alternatives presented, while reducing the zoning relief needed, are also financially infeasible

Financial Infeasibility - Rental

BZA Request: 55'-0"/3.5 FAR/5 STORY		Alternative 1: 50'-0"/3.0 FAR/4 STORY		Alternative 2: 50'-0"/3.5 FAR/5 STORY		Alternative 3: 55'-0"/3.0 FAR/5 STORY	
# of Units:	49	# of Units:	39	# of Units:	49	# of Units:	42
Purchase Price	3,030,000	Purchase Price	3,030,000	Purchase Price	3,030,000	Purchase Price	3,030,000
Closing Costs	46,921	Closing Costs	46,921	Closing Costs	46,921	Closing Costs	46,921
Hard Construction Costs	7,345,000	Hard Construction Costs	6,063,985	Hard Construction Costs	7,155,973	Hard Construction Costs	6,354,366
Soft Cost Estimate	1,850,000	Soft Cost Estimate	1,850,000	Soft Cost Estimate	1,850,000	Soft Cost Estimate	1,850,000
Total Project Cost	12,271,921	Total Project Cost	10,990,906	Total Project Cost	12,082,894	Total Project Cost	11,281,287
Debt	9,203,941	Debt	8,243,180	Debt	9,062,171	Debt	8,460,965
Equity	3,067,980	Equity	2,747,727	Equity	3,020,724	Equity	2,820,322
GFA	41,577	GFA	31,256	GFA	39,082	GFA	33,501
Rentable SQFT	35,340	Rentable SQFT	26,568	Rentable SQFT	33,220	Rentable SQFT	28,476
Discounted rent due to:		Discounted rent due to:		Discounted rent due to:		Discounted rent due to:	
Florida Ave Frontage:	-3%	Florida Ave Frontage:	-3%	Florida Ave Frontage:	-3%	Florida Ave Frontage:	-3%
		No Retail:	-5%	No Retail:	-5%		
				Lower Ceiling Height:	-6%		
Gross Rent	1,199,808	Gross Rent	856,872	Gross Rent	1,007,133	Gross Rent	966,755
Rent/SQFT	33.95	Rent/SQFT	32.25	Rent/SQFT	30.32	Rent/SQFT	33.95
Vacancy/Collection at 5%	59,990	Vacancy/Collection at 5%	42,844	Vacancy/Collection at 5%	50,357	Vacancy/Collection at 5%	48,338
Retail Rent	30,000	Retail Rent	0	Retail Rent	0	Retail Rent	0
Net Rent	1,169,818	Net Rent	814,028	Net Rent	956,777	Net Rent	918,417
Taxes	101,243	Taxes	90,675	Taxes	99,684	Taxes	93,071
Insurance	17,000	Insurance	15,000	Insurance	17,000	Insurance	16,000
Common Utilities	28,000	Common Utilities	28,000	Common Utilities	28,000	Common Utilities	28,000
Personnel	81,000	Personnel	81,000	Personnel	81,000	Personnel	81,000
Trash	6,000	Trash	6,000	Trash	6,000	Trash	6,000
Management Fees at 7%	81,887	Management Fees at 7%	56,982	Management Fees at 7%	66,974	Management Fees at 7%	64,289
Repairs and Maintenance	62,000	Repairs and Maintenance	55,000	Repairs and Maintenance	62,000	Repairs and Maintenance	59,000
Total Expenses	377,131	Total Expenses	332,657	Total Expenses	360,658	Total Expenses	347,360
Operating Income	792,687	Operating Income	481,371	Operating Income	596,118	Operating Income	571,058
Debt Service	645,664	Debt Service	578,266	Debt Service	635,719	Debt Service	593,544
Cash Flow	147,023	Cash Flow	(96,895)	Cash Flow	(39,600)	Cash Flow	(22,486)
Cash Return on Equity	4.79%	Cash Return on Equity	-3.53%	Cash Return on Equity	-1.31%	Cash Return on Equity	-0.80%

Financial Infeasibility - Condo

BZA Request: 55'-0"/3.5 FAR/5 STORY		Alternative 1: 50'-0"/3.0 FAR/4 STORY		Alternative 2: 50'-0"/3.5 FAR/5 STORY		Alternative 3: 55'-0"/3.0 FAR/5 STORY	
# of Units:	49	# of Units:	39	# of Units:	49	# of Units:	42
Discounted prices due to:		Discounted prices due to:		Discounted prices due to:		Discounted prices due to:	
Florida Ave Frontage:	-8.0%	Florida Ave Frontage:	-8.0%	Florida Ave Frontage:	-8.0%	Florida Ave Frontage:	-8.0%
		No Retail:	-5.0%	No Retail:	-5.0%		
				Lower Ceiling Height:	-7.0%		
Gross Sales (see below)	15,802,376	Gross Sales (see below)	11,129,284	Gross Sales (see below)	13,898,132	Gross Sales (see below)	13,102,292
Base Construction Cost	12,271,921	Base Construction Cost	10,990,906	Base Construction Cost	12,082,894	Base Construction Cost	11,281,287
Transactions Costs	1,580,238	Transactions Costs	1,112,928	Transactions Costs	1,389,813	Transactions Costs	1,310,229
Warranty Bond	257,200	Warranty Bond	205,900	Warranty Bond	237,600	Warranty Bond	257,200
Ongoing Warranty Costs	84,000	Ongoing Warranty Costs	48,000	Ongoing Warranty Costs	72,000	Ongoing Warranty Costs	84,000
TOTAL PROJECT COST	14,193,359	TOTAL PROJECT COST	12,357,735	TOTAL PROJECT COST	13,782,308	TOTAL PROJECT COST	12,932,716
Profit	1,609,017	Profit	(1,228,451)	Profit	115,824	Profit	169,576
	11.34%		-9.94%		0.84%		1.31%

Construction Budget

BZA Request: 55'-0"/3.5 FAR/5 STORY		Alternative 1: 50'-0"/3.0 FAR/4 STORY		Alternative 2: 50'-0"/3.5 FAR/5 STORY		Alternative 3: 55'-0"/3.0 FAR/5 STORY	
49 Units - Retail - GSF:	41,577	39 Units - No Retail - GSF:	31,256	49 Units - No Retail - GSF:	39,082	42 Units - No Retail - GSF:	33,501
General Requirements from GC	500,000.00	General Requirements from GC	500,000.00	General Requirements from GC	500,000.00	General Requirements from GC	500,000.00
Environmental Remediation	120,000.00	Environmental Remediation	120,000.00	Environmental Remediation	120,000.00	Environmental Remediation	120,000.00
Demolition	60,000.00	Demolition	60,000.00	Demolition	60,000.00	Demolition	60,000.00
Utility Service	225,000.00	Utility Service	225,000.00	Utility Service	225,000.00	Utility Service	225,000.00
Site Work	270,000.00	Site Work	270,000.00	Site Work	270,000.00	Site Work	270,000.00
Foundation	599,000.00	Foundation	599,000.00	Foundation	599,000.00	Foundation	599,000.00
Masonry	376,000.00	Masonry	376,000.00	Masonry	376,000.00	Masonry	376,000.00
Carpentry	1,000,000.00	Carpentry	751,761.79	Carpentry	939,990.86	Carpentry	805,757.99
Doors and Windows	600,000.00	Doors and Windows	451,057.07	Doors and Windows	600,000.00	Doors and Windows	483,454.79
Finishes	1,000,000.00	Finishes	751,761.79	Finishes	1,000,000.00	Finishes	805,757.99
Electrical, Mech & Plumbing	1,500,000.00	Electrical, Mech & Plumbing	1,127,642.69	Electrical, Mech & Plumbing	1,409,986.29	Electrical, Mech & Plumbing	1,208,636.99
Equipment and Finishes	600,000.00	Equipment and Finishes	451,057.07	Equipment and Finishes	600,000.00	Equipment and Finishes	483,454.79
Façade stabilization	40,000.00	Façade Demo/Masonry	25,000.00	Façade Demo/Masonry	25,000.00	Façade stabilization	40,000.00
Landscaping	25,000.00	Landscaping	25,000.00	Landscaping	25,000.00	Landscaping	25,000.00
Green Roof cost	30,000.00	Green Roof cost	30,000.00	Green Roof cost	30,000.00	Green Roof cost	30,000.00
GC Fee	400,000.00	GC Fee	300,704.72	GC Fee	375,996.34	GC Fee	322,303.20
Total Hard Costs	7,345,000.00	Total Hard Costs	6,063,985.14	Total Hard Costs	7,155,973.49	Total Hard Costs	6,354,365.76
Interest and Loan Fees	920,000.00	Interest and Loan Fees	920,000.00	Interest and Loan Fees	920,000.00	Interest and Loan Fees	920,000.00
Real Estate Taxes	105,000.00	Real Estate Taxes	105,000.00	Real Estate Taxes	105,000.00	Real Estate Taxes	105,000.00
Legal	95,000.00	Legal	95,000.00	Legal	95,000.00	Legal	95,000.00
Architectural and Engineering	305,000.00	Architectural and Engineering	305,000.00	Architectural and Engineering	305,000.00	Architectural and Engineering	305,000.00
Permitting, Testing & Utility Fees	340,000.00	Permitting, Testing & Utility Fees	340,000.00	Permitting, Testing & Utility Fees	340,000.00	Permitting, Testing & Utility Fees	340,000.00
Insurance	85,000.00	Insurance	85,000.00	Insurance	85,000.00	Insurance	85,000.00
Total Soft Costs	1,850,000.00	Total Soft Costs	1,850,000.00	Total Soft Costs	1,850,000.00	Total Soft Costs	1,850,000.00
Total Hard Costs and Soft Costs	9,195,000.00	Total Hard Costs and Soft Costs	7,913,985.14	Total Hard Costs and Soft Costs	9,005,973.49	Total Hard Costs and Soft Costs	8,204,365.76

Community Outreach & Benefits

- Replaces underutilized space with much needed residential and retail space
- Remediates environmental degradation
- If applied, project is compliant with HS-Arts overlay extension and proposed ZRR parking provision
- Community Support:
 - ▣ Unanimous support from ANC 5D
 - ▣ Letter of Support from Trinidad Neighborhood Association
 - ▣ 11 Letters of Support from Neighbors (including adjacent owner)

Parking Variance Justification

- Proximity to Transit
- Implementation of TDM
- Adequate On-Street Parking Availability
- Local Commuting Demographics
- Meets Draft Zoning Rewrite Requirements

Transportation Demand Management (TDM) Plan

- ❑ Restrict Residential Parking Permit (RPP) to mitigate the 17 spaces of parking relief
- ❑ Electronic Info Display: Real time info on transportation options
- ❑ Incentives: \$100 carshare membership, \$150 bikeshare, or a \$200 *Smart Trip* card
- ❑ Bicycle Parking: 30+ covered and secure bicycle spaces

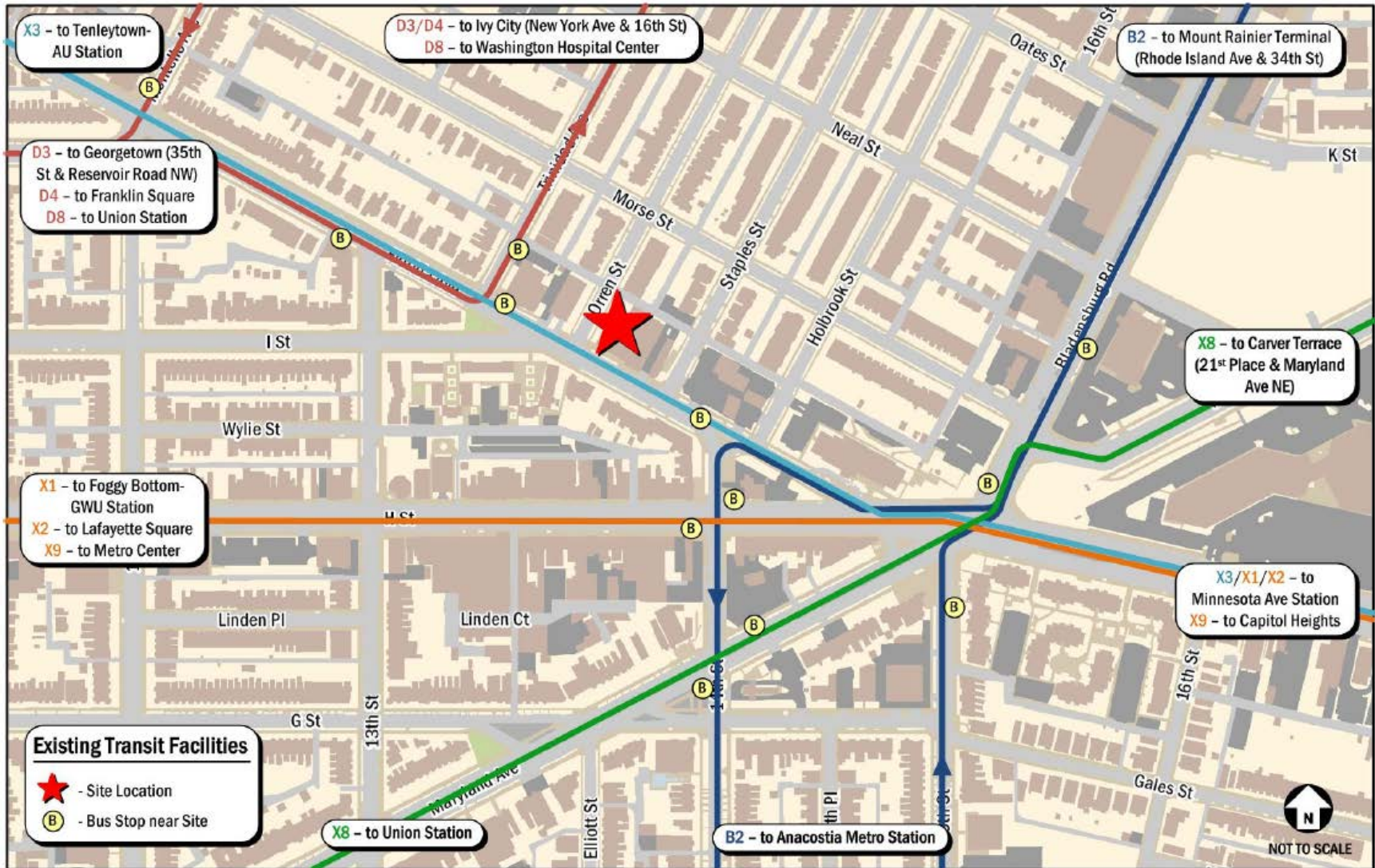
Vehicle Storage at Rear Alley



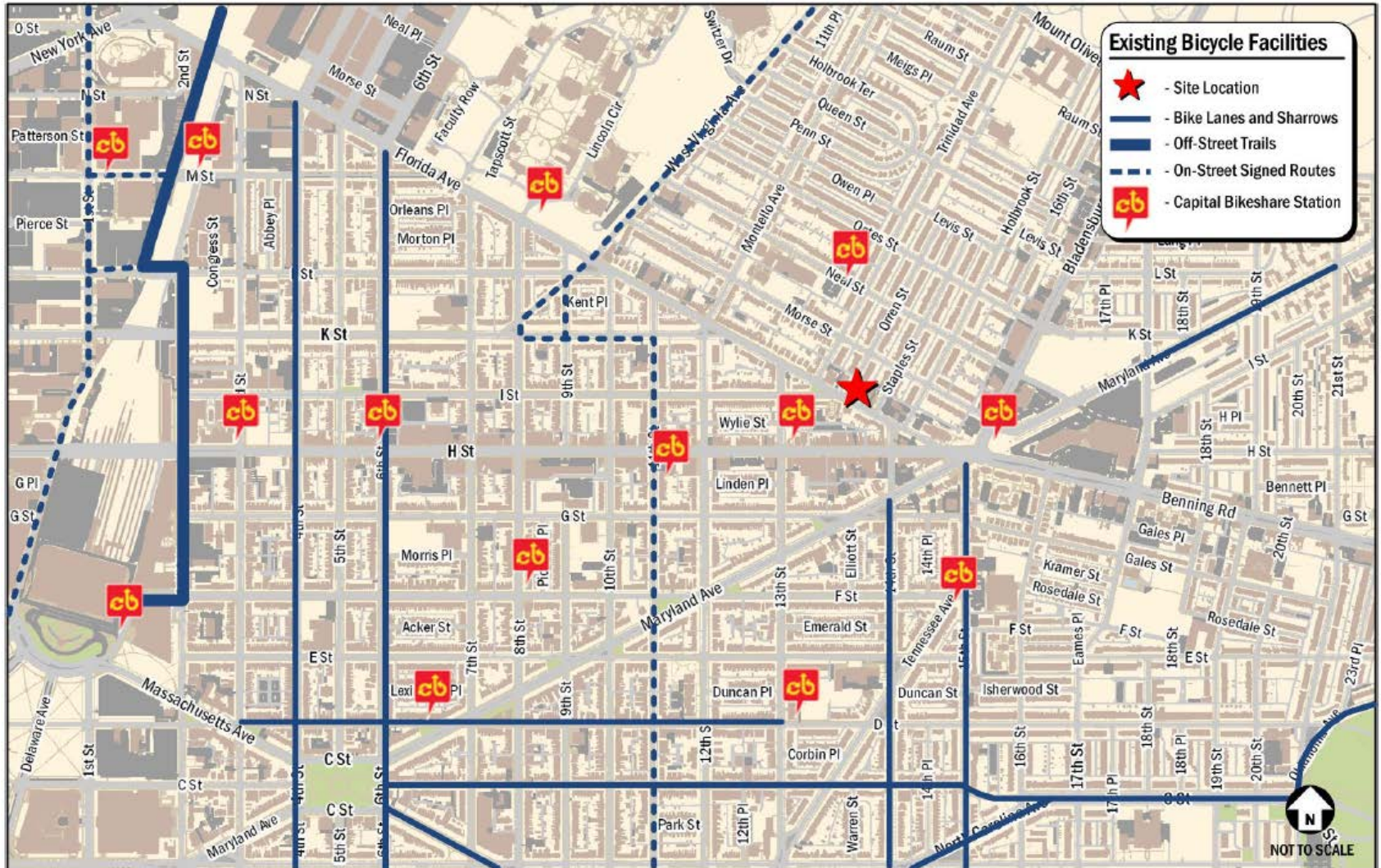
Vehicle Storage at Rear Alley



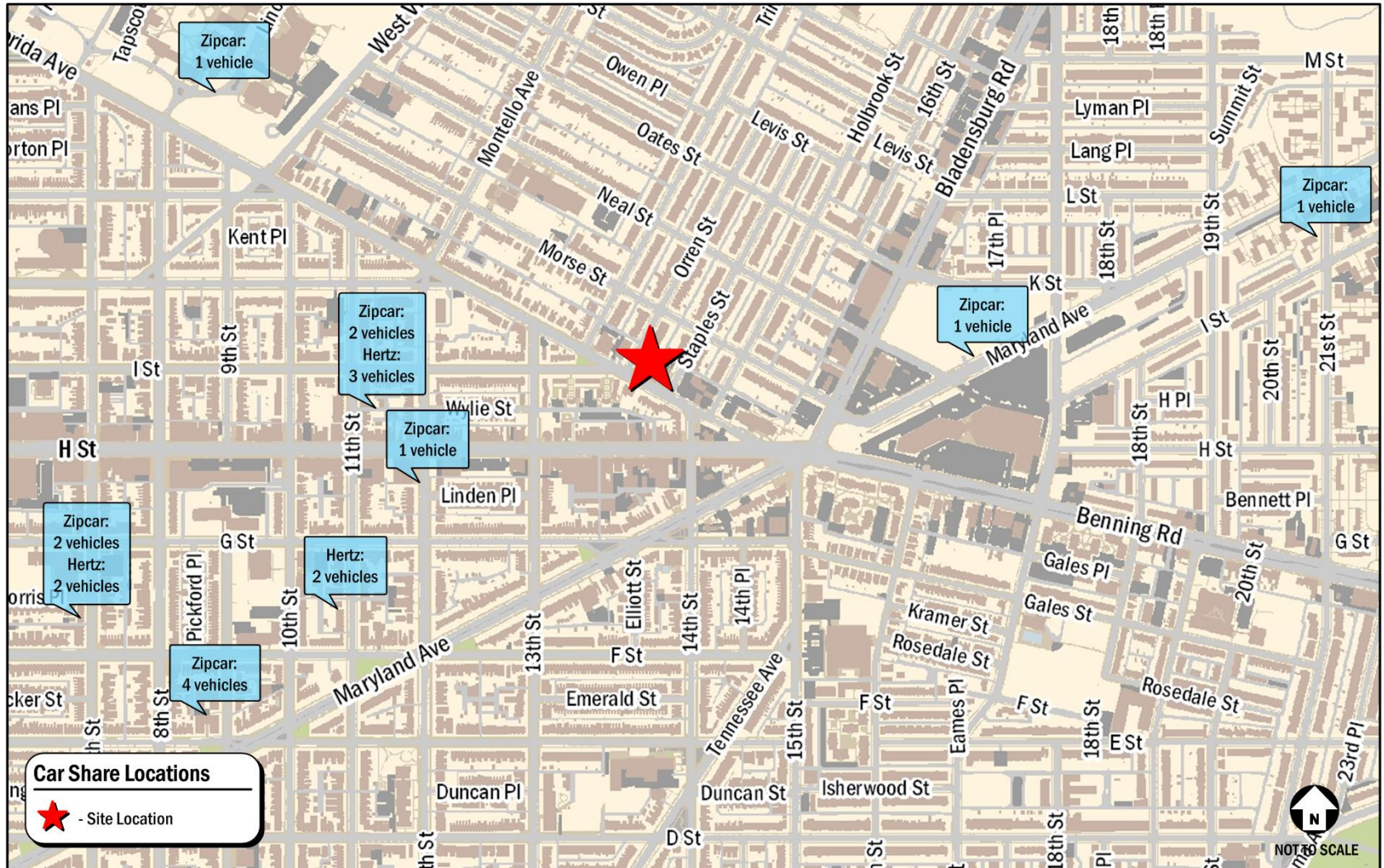
Transit Rich Area



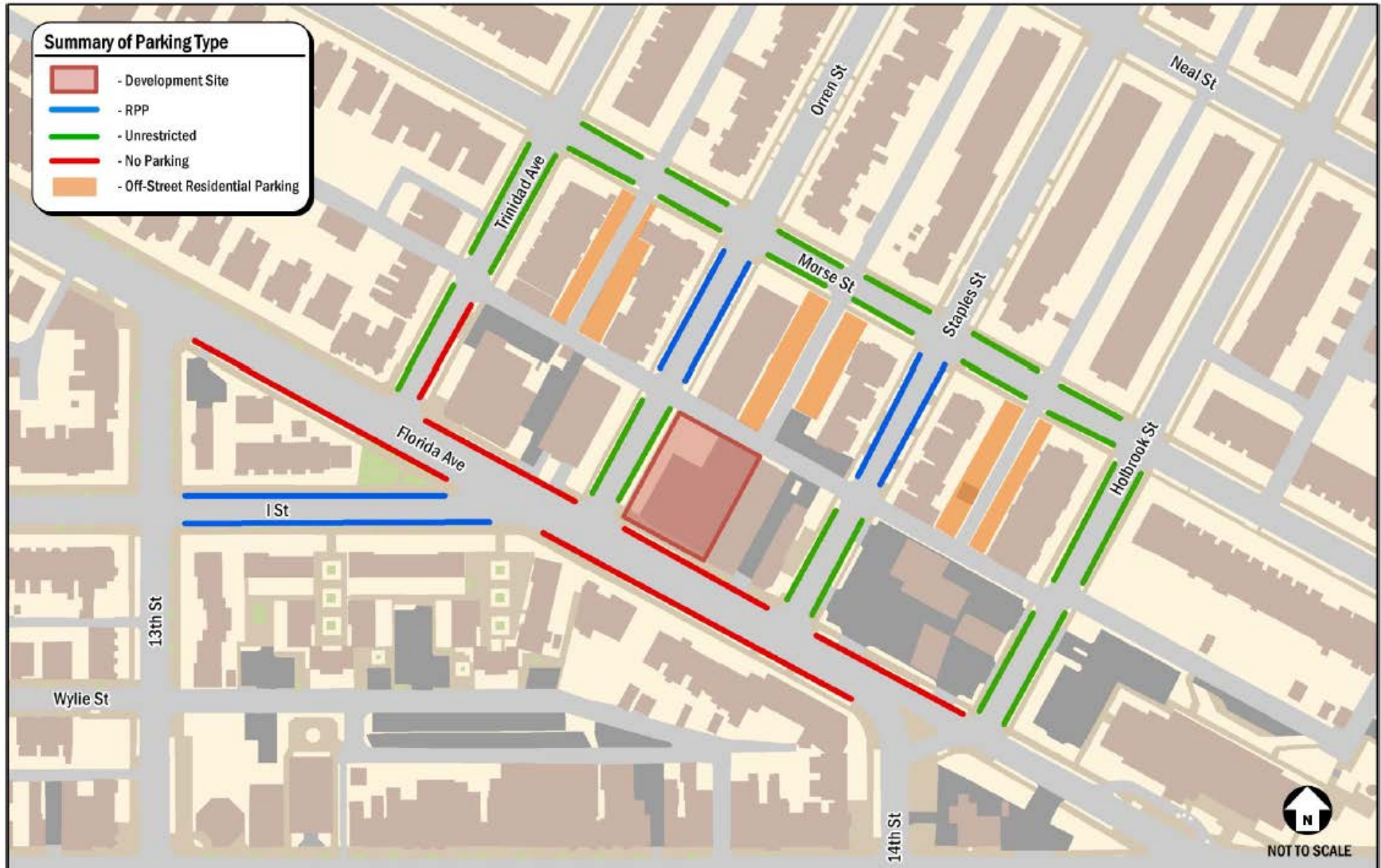
Bicycle Facilities



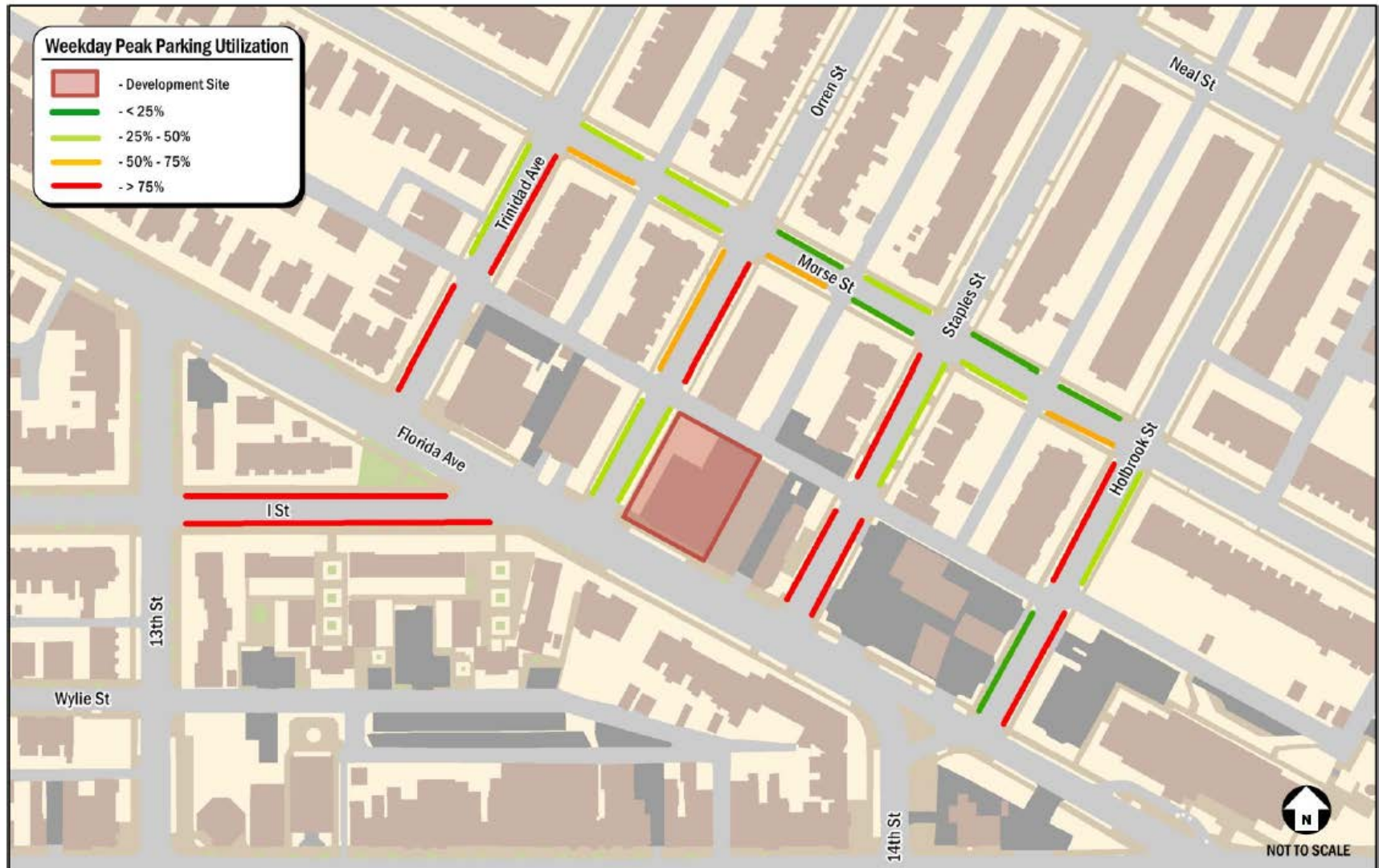
Nearby Carshares



Substantial Residential Parking



Substantial Nearby Parking Availability (7:00-8:00 PM)



Available Street Parking on Staples Street



Available Street Parking on Orren Street



Available Street Parking on Morse Street



Variance: 3-Prong Test

- Confluence of Factors create Practical Difficulty
 - ▣ Building restriction line along Orren Street
 - ▣ Proximity to fire station
 - ▣ Environmental degradation due to prior use
 - ▣ Proposed Extension HS-Arts Overlay
 - ▣ Preservation of the existing façade
 - ▣ Installation of 14 foot floor-to-ceiling height
 - ▣ Proximity to the “Starburst” Intersection
- Alternative use could not be made of the Property absent a variance without being unnecessarily burdensome
- No Detriment to the Public Good or Inconsistency with the Zoning Plan

BZA Application:

1348-1356 Florida Ave NE

BZA Case No. 18688

Presented by:

Meridith Moldenhauer

Griffin, Murphy,
Moldenhauer & Wiggins, LLP

