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October 21, 2014

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

Re: Application No. 18794 – 1740 New Jersey Avenue NW
Supplemental Statement of the Applicant

Chairperson Lloyd Jordan and Honorable Members of the Board:

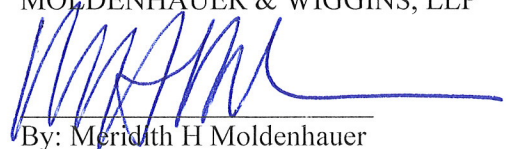
On behalf of the Applicant, Newton St Development 3 LLC, enclosed please find a Supplemental Statement for the above-referenced application. The application was heard by the Board of Zoning Adjustment on September 16, 2104 and is scheduled for a second hearing on October 28, 2014.

In response to feedback from the ANC and neighboring property owners, the Applicant has revised the plans to reduce the proposed project to 6 units and remove the penthouse structure. While the degree of relief has been decreased, the areas of relief identified remain the same.

Thank you for your attention to this matter.

Sincerely,

GRIFFIN, MURPHY,
MOLDENHAUER & WIGGINS, LLP



By: Meridith H Moldenhauer

Enclosures:

Cc: Advisory Neighborhood Commission 6E
c/o Alexander Padro, Chair (via email)
Single Member District 6E02 Representative, Kevin Chapelle (via email)
Office of Planning (via email)
Cliff Moy, Board of Zoning Adjustment (via email)

**BEFORE THE DISTRICT OF COLUMBIA
BOARD OF ZONING ADJUSTMENT**

**APPLICATION OF
NEWTON ST DEVELOPMENT 3 LLC**

**BZA CASE NO. 18794
HEARING: OCTOBER 28, 2014**

SUPPLEMENTAL STATEMENT OF THE APPLICANT

I. NATURE OF RELIEF SOUGHT

This supplemental statement is submitted on behalf of Newton St Development 3 LLC (the “Applicant”), the owner of property located at 1740 New Jersey Avenue NW, Lot 9 in Square 508N (the “Property”) in support of its application for an area variance from the zoning regulations regarding lot area (§401.3), nonconforming structures (§2001.3), and parking (§2101.1) to allow the Applicant to renovate and convert a vacant nonconforming corner building to a multiunit dwelling in an R-4 District at the Property.

In response to feedback from the Board at the September 16th hearing, the Applicant has revised the plans to further reduce the proposed project to 6 units and remove the penthouse structure. See Revised Architectural Plans at Exhibit A and Rendering of Proposed Structure at Exhibit B. Since the hearing, the Applicant has continued to evaluate the alternatives, including 3-unit, 4-unit, and 5-unit scenarios, both with and without the third-story. The 6-unit project is the only viable and marketable alternative despite the overall project’s continued small profit margin. While the Applicant is able to proceed with the development on smaller margins than a larger developer, the various alternatives with fewer units or without the third story are simply not financially feasible. The degree of relief has been decreased as a result of the concessions made by the Applicant but the areas of relief identified in the Initial Application remain the same.

II. EXHIBITS IN SUPPORT OF THE APPLICATION

- Exhibit A:** Revised Architectural Plans
- Exhibit B:** Rendering of Proposed Structure
- Exhibit C:** Profit and Loss Analysis and Construction Budget for 6 Units
- Exhibit D:** Dimensions of Mansard Roof Diagram
- Exhibit E:** Plans and Renderings of 60% Lot Occupancy on 3rd Floor
- Exhibit F:** Proposed Conditions

III. APPLICANT MEETS BURDEN OF PROOF FOR VARIANCE RELIEF

As described in the prior filings, and as will be further explained at the public hearing, we respectfully submit that all three prongs of the area variance test are satisfied.

A. The Property is Unusual Because of its Size, Shape or Topography and is Affected by an Exceptional Situation or Condition.

As described in the Initial Application, the Property is unusual and affected by an exceptional situation and condition as a result of a confluence of the following factors: (1) The size and shape of the Property and configuration of the existing structure; (2) The location of the Property, fronting three streets, at the intersection of Rhode Island Avenue NW, Florida Avenue NW, and New Jersey Avenue NW; (3) The extensive flood damage to the existing structure; (4) The existing nonconforming aspects of the Property; (5) The title issues and history of the Property; and (6) The existing dilapidated condition of the Property due, in part, to the extended vacancy.

The temporal aspect of an exceptional circumstance, and the timing of an applicant's knowledge of such exceptional circumstances if any, are not germane to the question of whether the Property is exceptional. The Court in *Gilmartin*, 579 A.2d at 1169, dismisses the notion that timing of the exceptional circumstance is relevant to a finding of exceptional circumstance stating:

[T]he express wording of the statute does not limit the circumstances or conditions that can provide a basis for a variance to those that came about subsequent to adoption of the zoning regulations. The statute merely refers to 'other extraordinary or exception situation or condition of a specific piece of property . . .' D.C. Code 5-424 (g)(3)(1988 Repl.) . . . Moreover, this court has held that prior knowledge or constructive knowledge or that the difficulty or hardship is self-imposed is not a bar to an area variance, the type of variance with which we are concerned in the instant case.

That being said, we clarify that the Applicant was not aware of all exceptional circumstances prior to closing. The substantial degree of remediation required due to water damage, roof damage, and additional preventative measures discovered as a result of the geotechnical tests were not known or foreseeable prior to closing.

B. Strict Application of the Zoning Regulations would Result in Practical Difficulty

Strict application of the zoning regulations with respect to lot area (§401.3), nonconforming structures (§2001.3), and parking (§2101.1) would result in a practical difficulty to the Applicant.

1. Lot Area (§401.3)

i. Economic Hardship

The Court of Appeals has eliminated any doubt that “economic use of property may be properly considered as a factor in deciding the question of what constitutes an unnecessary burden or practical difficulty in area variance cases.” *Tyler, et. al. v. District of Columbia Bd. of Zoning Adjustment*, 606 A.2d 1362 (D.C. 1992)(internal citations removed)(*Gilmartin v. District of Columbia Bd. of Zoning Adjustment*, 579 A.2d 1164, 1171 (D.C. 1990)(Reiterating in the context of an area variance that “increased expense and inconvenience to applicants for a variance are among the proper factors for BZA’s consideration.”).¹ In *Wolf v. District of Columbia Bd. of Zoning Adjustment*, 397 A.2d 936 (D.C. 1979), the Court of Appeals upheld a Board decision granting an area variance to permit conversion to a three-unit rental apartment where “marketability” of the property would otherwise be “unfeasible” and investment would yield loss rather than profit. 397 A.2d 936 (D.C. 1979)(Upholding approval of a lot area variance for conversion of a two-family dwelling to a three-unit apartment building where a two-family dwelling was not marketable and monthly expenses would out pace annual rental income). The Board of Zoning Adjustment has granted lot area variances from §401.3 based on financial feasibility grounds on several occasions.²

The Applicant has described in detail the economic hardship associated with compliance with the lot area requirement in prior filings and at the September 16th hearing. In sum, the creation of fewer units

¹ In *Association for Preservation of 1700 Block of N St., N.W. & Vicinity v. District of Columbia Bd. of Zoning Adjustment*, the Court confirmed that at a given point economic harm becomes sufficient, when coupled with a significant limitation on the utility of the existing structure or property, to satisfy the variance standard. 384 A.2d 674 (D.C. 1978)(Finding practical difficulty where a YMCA *could* build a structure that complied with off-street parking requirements by reducing its size and programming but was not economically feasible or cost-effective).

² Recent cases include BZA Case Nos. 18800, 18711, 18617, 18562.

would result in awkward layouts as well as inefficient ingress and egress into the units due to the preexisting three entrances. Furthermore, significant renovation is required to resolve issues such as water damage, excessive property damage, and roof repair. There are also additional costs, no matter the number of units, as a result of the required closing of two existing curb cuts in public spaces unknown to the Applicant until meeting with DDOT. The substantial renovations required, in addition to the location of the Property on a complex and pedestrian unfriendly corner, make rehabilitation of the home to a single-family home or fewer units impractical. In light of the extensive renovations required, a six unit structure is required for the project to be financially feasible. See Profit and Loss Analysis and Construction Budget for 6 Units at **Exhibit C**; see also MRIS Comparables at **Prehearing Statement, Exhibit E**.

The reduction to a 6-unit structure proposed addresses concerns raised by the Board at the September 16th hearing while allowing the Applicant to obtain a small and reasonable return. By removing the unit from the basement, the Applicant has addressed the Board's concerns about the habitability of below grade units considering the prior flooding issues faced by the Property. The Applicant is able to achieve a reasonable return by cost savings associated with removal of the unit in the cellar and penthouse structure; value engineering associated with construction, fixtures, and appliances; and performing additional project requirements in house. Removing a full unit from the cellar, and avoiding a cellar entrance on Rhode Island Avenue, reduces costs associated with waterproofing, framing, mechanical, electrical, plumbing, and foundation work. Replacing the penthouse structure with a sunken stairwell has reduced costs associated with framing, roofing, and exterior costs on the roof. Smaller units allow for installation of more affordable fixtures and appliances as well as interior and exterior finishes.

In response to a comment made by Commissioner Turnbull, the Applicant has carefully considered a 5-unit structure, with two units on the first and second story and one large unit on the third. A 5-unit structure, however, would result in an economic hardship. In *Tyler*, 606 A.2d at 1366, the Court of Appeals found that "our precedents make clear that [evidence of economic justification for a variance]

may indeed be considered in deciding whether area variance should be granted.” The Court goes on to say that “in 1700 Block ‘there was no feasible alternative that would have complied with the [zoning] regulations . . .” *Id.* As discussed at length with the Office of Planning in a meeting following the September 16th hearing, a large unit on the 3rd floor would not be marketable in this location. The Property is abutted by the three large streets and two gas stations, which presents safety concerns for any family-sized unit. Furthermore, residents seeking a larger, more family-oriented unit, would be more hesitant to occupy a unit that does not have access to RPP or VPP. Since the Applicant has already consented to RPP and VPP restrictions in connection with ANC negotiations, larger units priced at nearly \$1 million with no parking would create a practical difficulty. Considering the already tight margins associated with the proposed project, reducing the project to five units, which would still require relief, is simply not financially feasible.

In addition to a financial and marketing hardship, the existing structure creates practical difficulty for alternative layouts. While the structure is not historic, the Applicant is maintaining the historic and aesthetic value of the existing structure including rehabilitation of exterior features, the three existing entryways, the floor joists, and the location of the existing stairwell. The Applicant intends to salvage the floors and joists where appropriate and reuse the existing stair opening, which further limits alternative unit configurations. The original location of the stairwell creates a natural divide of the structure into a unit on either side of the stairwell on each floor. Achieving fewer units, while working around the original stairwell location, would disrupt the natural division of the existing structure and present a practical difficulty to the Applicant.

ii. Preventing Property from Remaining Idle

Also grounds for finding practical difficulty, and a key purpose of the variance procedure, is to promote productive use of underutilized property. The Court of Appeals in *Palmer v. Bd. of Zoning Adjustment for the District of Columbia* indicates that the variance procedure is designed, in part, “to

provide relief from the strict letter of the regulations . . . and prevent usable land from remaining idle.” 287 A.2d 535, 541 (D.C. 1972). As indicated the Property has been vacant for 5-8 years. While vacancy alone does not demonstrate an exceptional circumstance or practical difficulty, it is an important contributing factor that, in this instance, reflects the difficulty associated with renovating the property and frustrating title issues which resulted in substantial delays. The extended vacancy and disinterested heirs also accelerated the dilapidated condition of the Property. The delay in closing exacerbated dilapidation of the Property, with the Applicant lacking control over the Property or the authority needed to remedy the ongoing deterioration. As emphasized during the prior hearing, most typical buyers would have walked away from the Property as a result of the complex title issues at the Property and substantial work necessary to renovate the structure as a matter-of-right. These circumstances have contributed greatly to the continued vacancy and neglect of the Property for several years.

2. Nonconforming structures (§2001.3)

The Applicant would also face a practical difficult from strict application of the nonconforming structure requirements, which prevents the proposed third-floor addition. The roof needs to be repaired whether a third-floor is provided or not. To move forward without the additional space would be highly inefficient, and the incremental costs are small while the additional square footage allows the project to provide a small but reasonable return. Moreover, by extending the existing mansard roof on all sides, the Applicant is able to preserve the character of the existing building and complimenting surrounding structures. As shown by the Dimensions of Mansard Roof Diagram, the increase in height proposed is minimal. See Dimensions of Mansard Roof Diagram at **Exhibit D**. Due to the unique frontage on three sides, pulling the addition back to meet the 60% lot occupancy creates an unsightly elevation visible from the Florida and Rhode Island intersection.

Limiting the third story to 60% lot occupancy results in strange setbacks and awkward, infeasible layouts. Locating a 3rd floor, with 60% coverage along the New Jersey Avenue frontage, as shown

in **Exhibit E, SK. 22**, is not feasible because it would be impossible to provide sufficient room to maintain the existing stairway location. In the alternative, locating a 3rd floor, with 60% coverage, along the Rhode Island Avenue frontage, as shown in **Exhibit E, SK23** and the accompanying renderings, is not feasible because it creates an awkward layout and a substantial amount of wasted space to the north side of the stairwell. While such a structure may be more in compliance with the zoning regulations, it would not be in keeping with the character of the neighborhood or the public good.

For these reasons, strict application of the nonconforming structure requirements presents a practical difficulty to the Applicant.

3. Parking (§2101.1)

Strict application of the parking requirement would result in a practical difficulty, as it is impossible to provide the spaces at grade or through underground parking. The parking requirement, at 1 space for every 3 units, was previously 3 spaces. As a result in the reduction to 6 units, the parking requirement is now 2 spaces. Based on the 100% lot occupancy of the existing structure, providing the two spaces at grade would require demolition of a substantial portion of the existing structure. Moreover, there are no curb cuts on the lot to allow access and per discussions with DDOT no new curb cuts would be approved. Furthermore, closure of a drive through in the Property's "public parking" provides additional space for parking along both S Street and Rhode Island NE, which offsets the 2 space parking requirement for the project. See Additional Public Street Parking Diagram at **Prehearing Statement, Exhibit H**. Finally, the extensive Parking Demand Mitigation measures, described in detail in prior submissions and included in the Proposed Conditions at **Exhibit F**, substantially limit any parking demand at the Property.

A. No Substantial Detriment to Public Good or Inconsistency with Zone Plan

Granting the variance relief requested, in conjunction with the Proposed Conditions, would not cause a substantial detriment to the public good or impair the intent, purpose, and integrity of the zone

plan. The proposed project renovates a vacant, single-family home as a residential structure. Furthermore, the footprint of the existing structure will be left unchanged. In addition, the proposed project adequately balances the zoning regulations' goals of ensuring adequate space for residents, providing a diverse and adequate housing stock, and permitting property owners to create marketable units.

The Property is located on a prominent corner and serves as a gateway into the Shaw neighborhood. The height and massing of the proposed project are compatible with the location of the Property at the intersection of three wide avenues including Florida Avenue, New Jersey Avenue, and Rhode Island Avenue. Across Rhode Island are two gas stations on either side of New Jersey Avenue. Across New Jersey Avenue from the Property is a complex intersection where Rhode Island, New Jersey Avenue, and Florida Avenue form a triangle. A US Post Office structure is located at the center of the triangle. The proposed project, though not in a historic district, uses high quality materials and thoughtful design to both match the defining architectural features of the existing building and compliment the character of the surrounding properties.

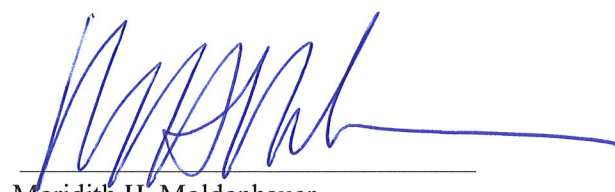
Due to the accessibility of the Property, including an extremely high walkscore as well as access to two metro stations, several bus routes, carsharing and bikesharing options, variance relief for two spaces will not have a substantial impact. The Applicant will implement several PDM measures, including leasing nearby parking spaces offsite for residents, restricting RPP, and providing several incentives to promote the use of non-automotive transportation. See Proposed Conditions at **Exhibit F**. Furthermore, the availability of a variety of transportation options, particularly carsharing and proximity to the Metro, as well as demographic changes in Shaw, reduces the need for residents to own a vehicle. For these reasons, approval of the zoning relief requested will not cause a detriment to the public good or zone plan.

C. CONCLUSION

For the reasons stated above, and for the reasons enumerated in the Applicant's prior filings in this case, we hereby submit that the application meets the requirements for area variance relief. We look forward to presenting our case to the Board on October 28, 2014.

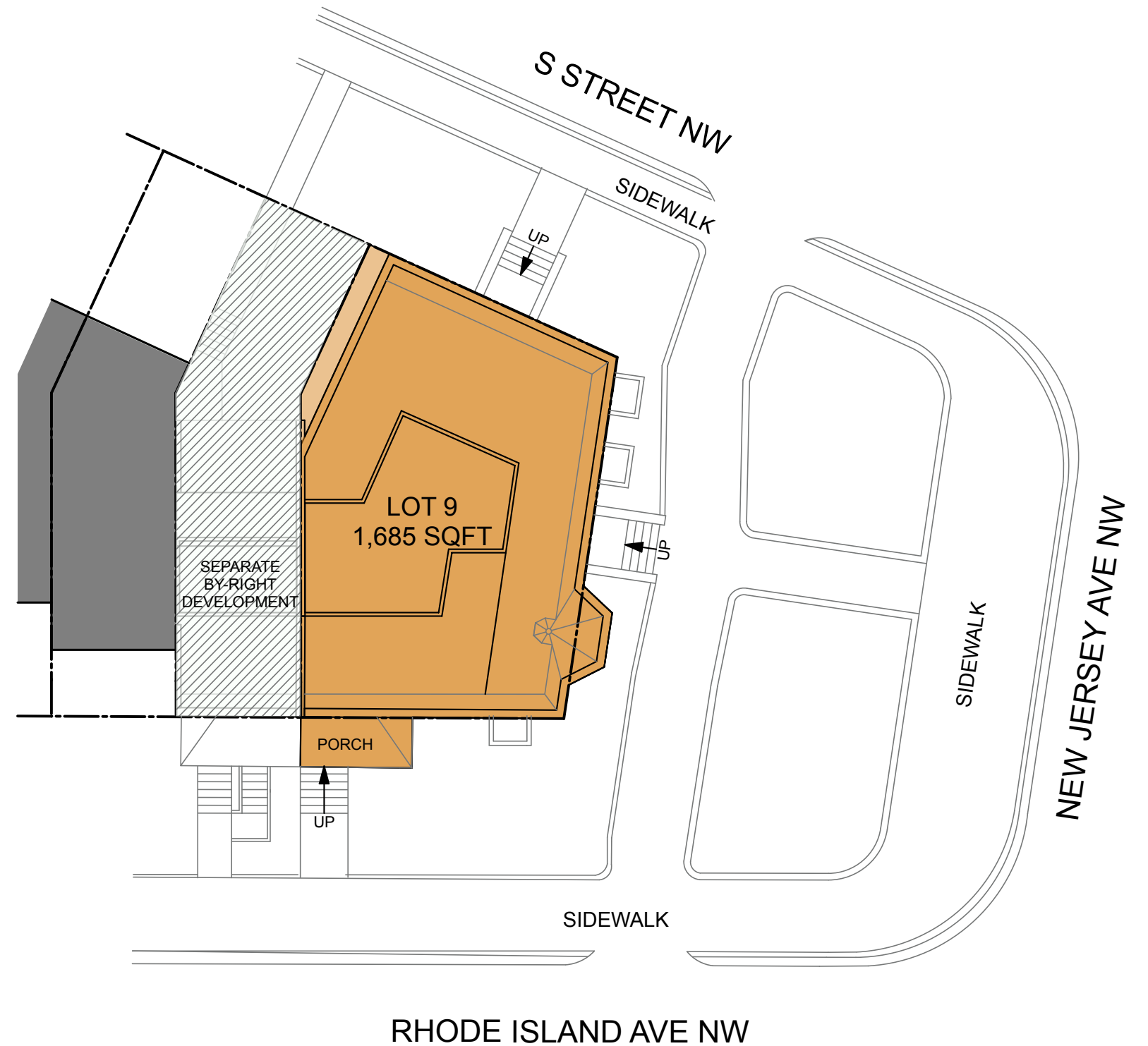
Respectfully submitted,

GRIFFIN, MURPHY,
MOLDENHAUER & WIGGINS, LLP

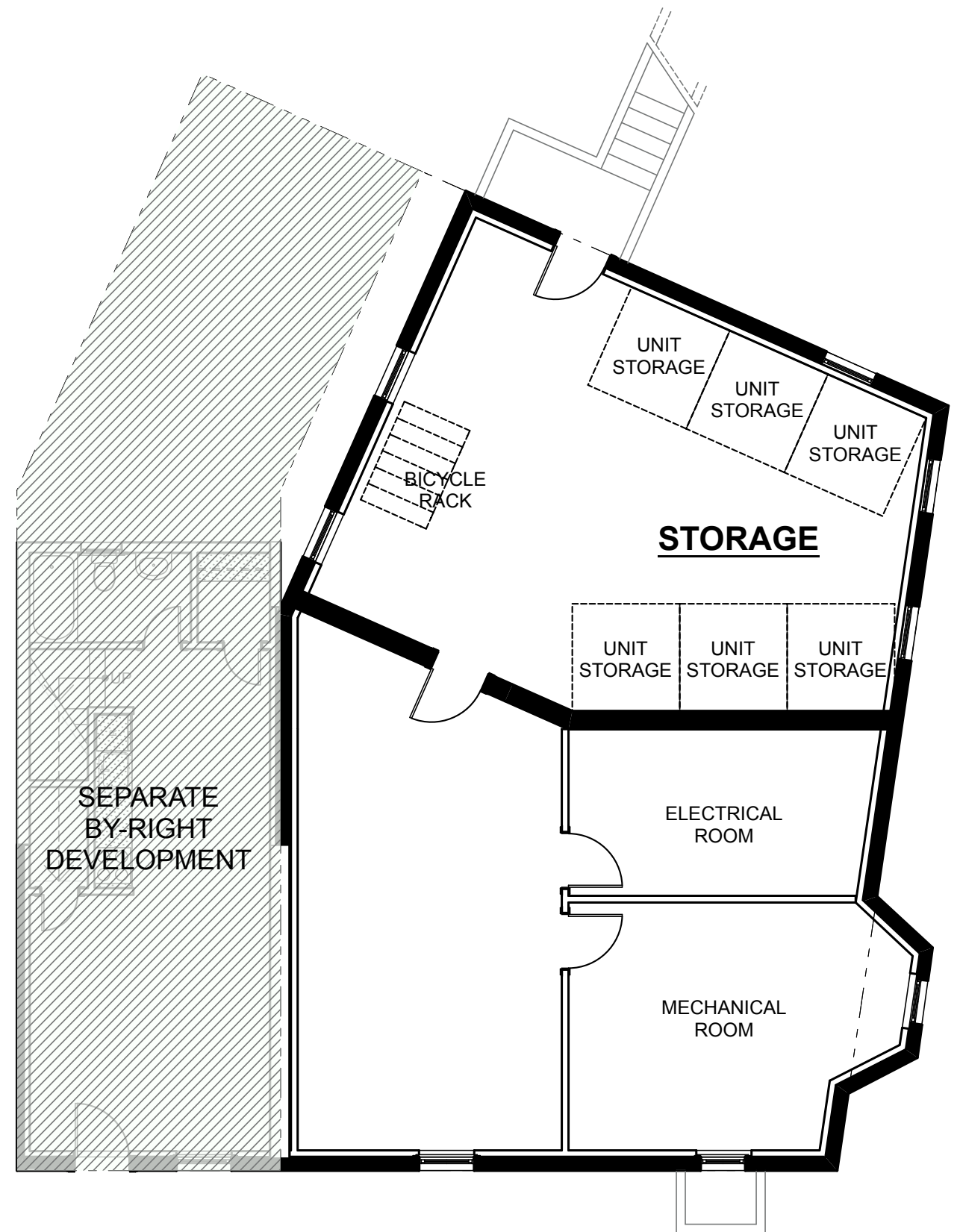
A handwritten signature in blue ink, appearing to read 'M. Daniel', is written over a horizontal line.

Meridith H. Moldenhauer
Eric M. Daniel
1912 Sunderland Place, N.W.
Washington, D.C. 20036
(202) 429-9000

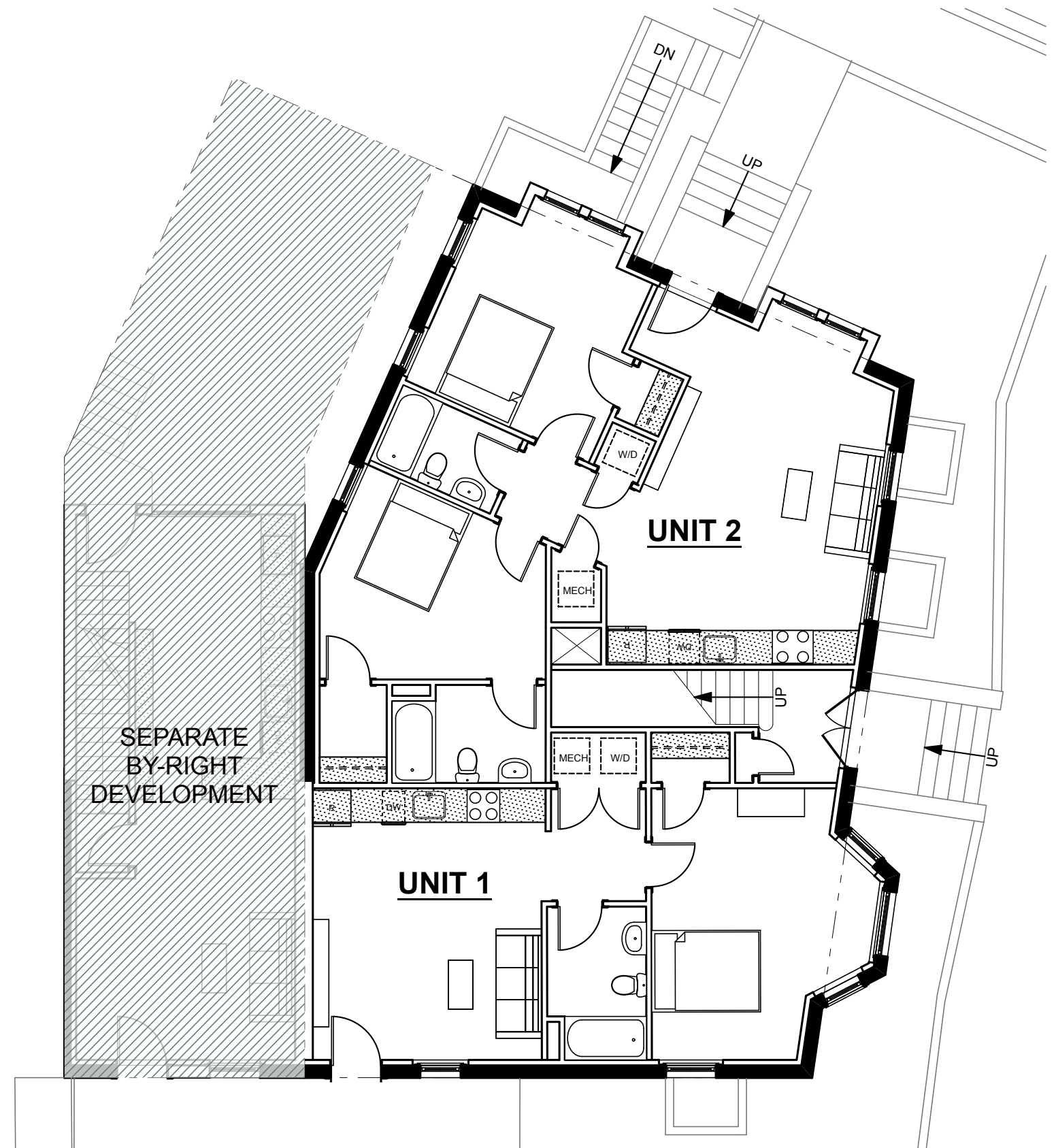
Exhibit A



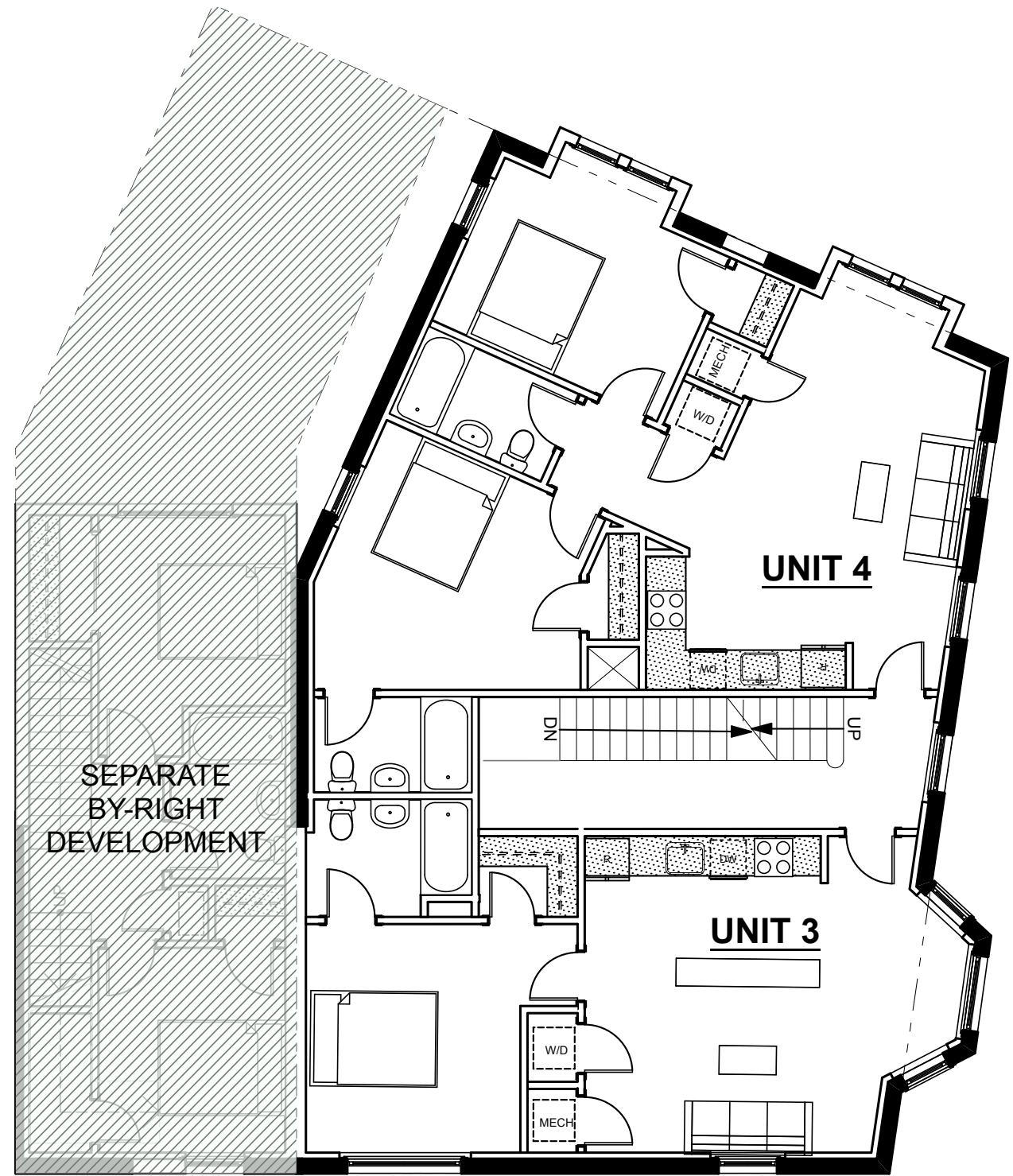
SK.08 PROPOSED SITE PLAN



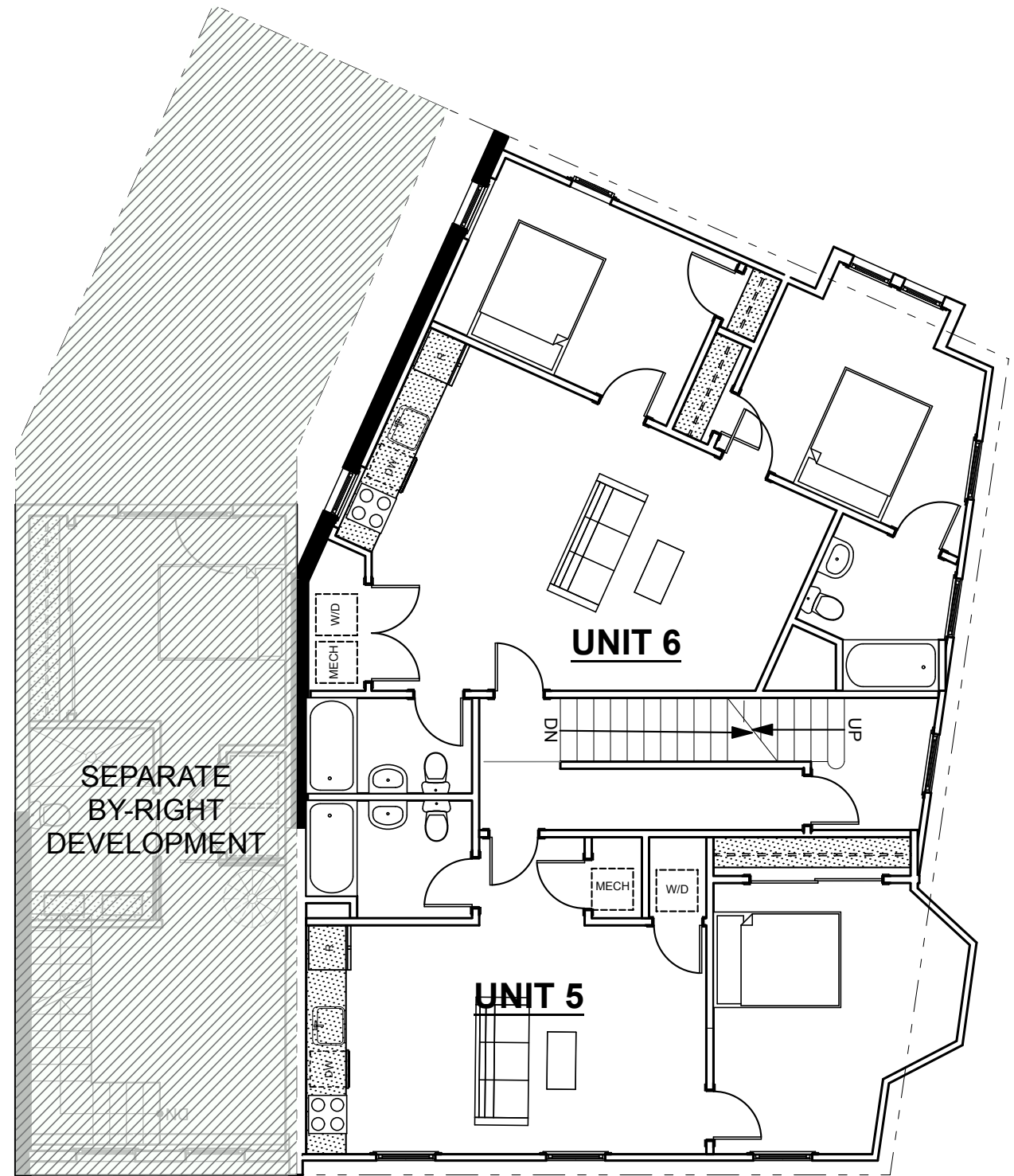
SK.09 PROPOSED BASEMENT PLAN



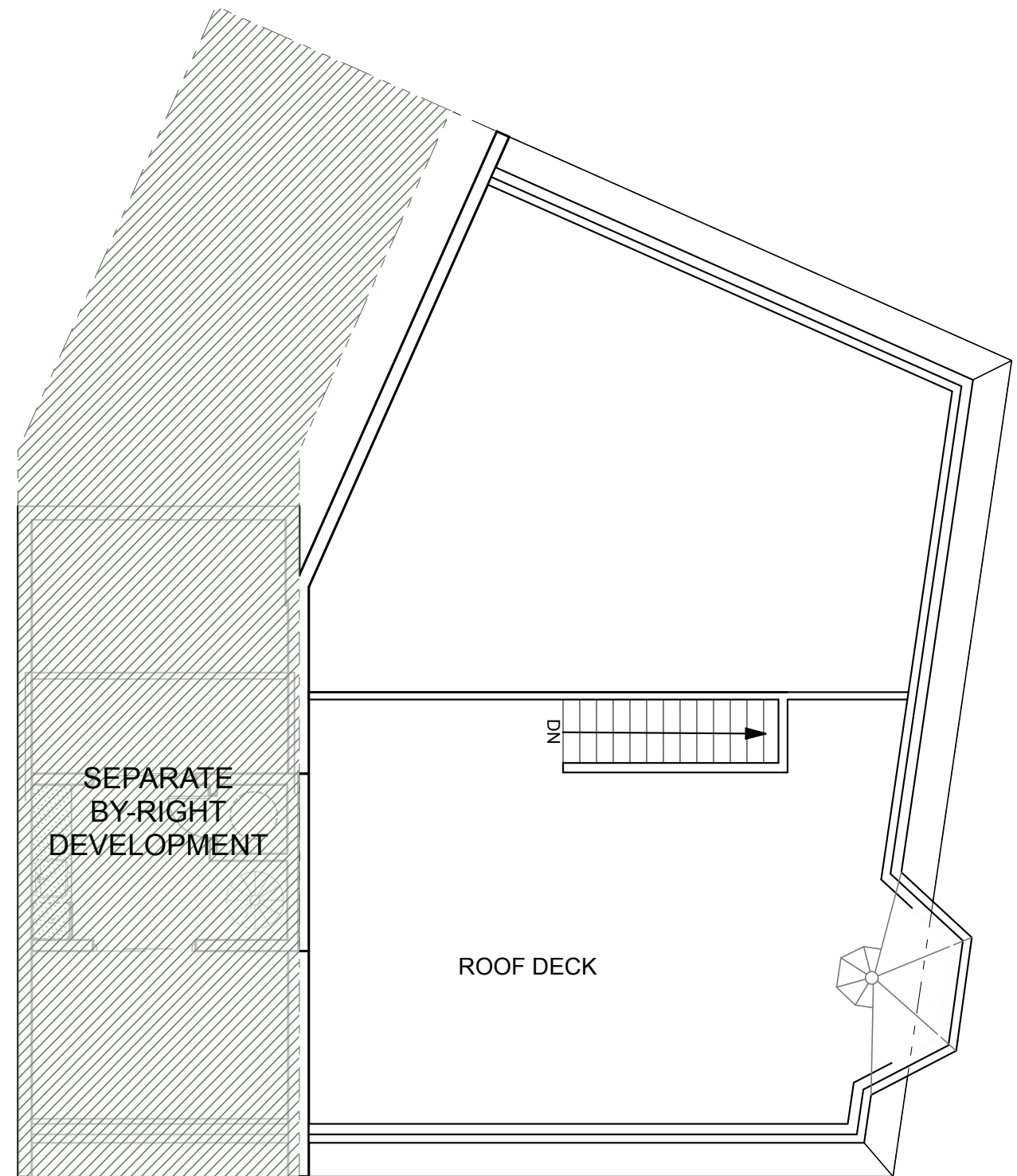
SK.10 PROPOSED 1ST FLOOR PLAN



SK.11 PROPOSED 2ND FLOOR PLAN



SK.12 PROPOSED 3RD FLOOR PLAN



SK.13 PROPOSED ROOF DECK



SK.14 PROPOSED SOUTH FACADE



SK.15 PROPOSED EAST FACADE



SK.16 PROPOSED NORTH FACADE

Exhibit B



EXISTING CONDITIONS - LOOKING DOWN RHOSE ISLAND

SK.17 RENDERING

db architecture
125 U Street NW
Washington DC 20001

1740 NEW JERSEY - RENOVATION
WASHINGTON DC

Date: 10.20.2014

Scale: 1/8" = 1'-0"

paper size: 11 x 17



PROPOSED DEVELOPMENT - LOOKING DOWN RHOSE ISLAND

SK.18 RENDERING

db architecture
125 U Street NW
Washington DC 20001

1740 NEW JERSEY - RENOVATION
WASHINGTON DC

Date: 10.20.2014
Scale: 1/8" = 1'-0"



EXISTING CONDITIONS - LOOKING WEST

SK.19 RENDERING

db architecture
125 U Street NW
Washington DC 20001

1740 NEW JERSEY - RENOVATION
WASHINGTON DC

Date: 10.20.2014

Scale: 1/8" = 1'-0"

paper size: 11 x 17



PROPOSED DEVELOPMENT - LOOKING WEST

SK.20 RENDERING

db architecture
125 U Street NW
Washington DC 20001

1740 NEW JERSEY - RENOVATION
WASHINGTON DC

Date: 10.20.2014

Scale: 1/8" = 1'-0"

paper size: 11 x 17

Exhibit C

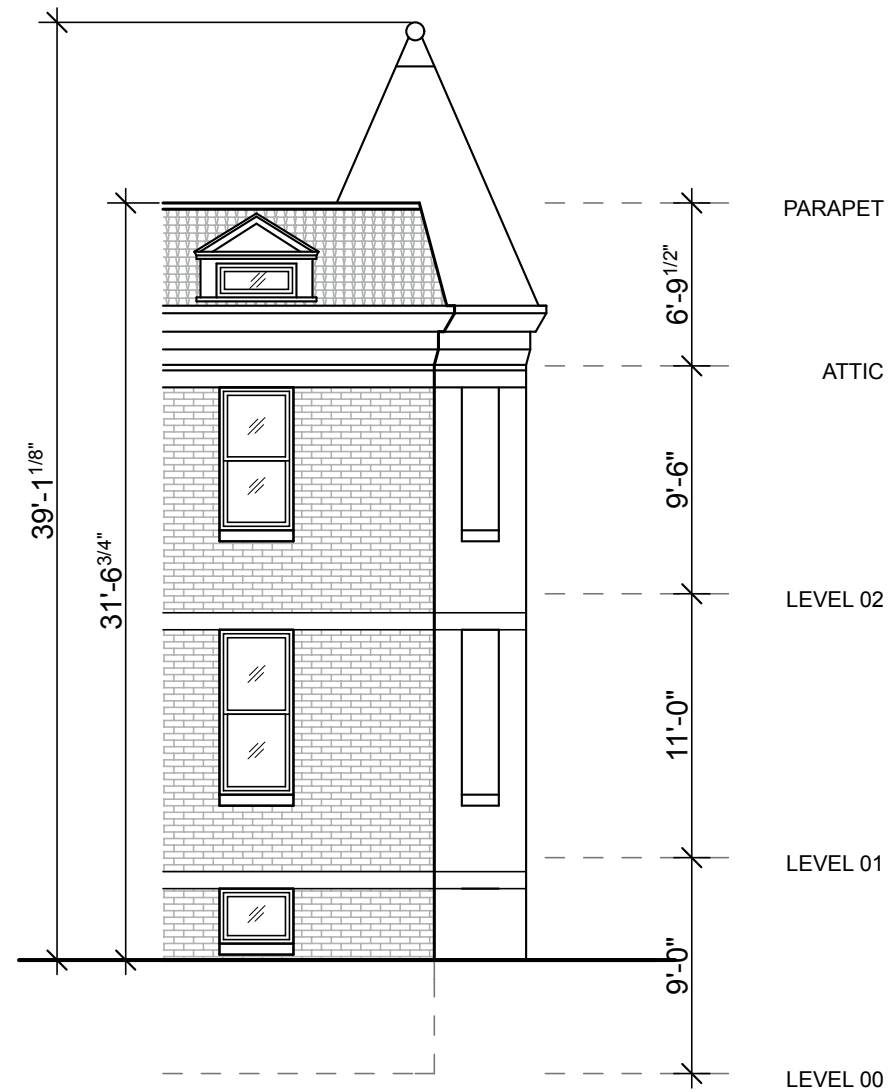
Profit Loss Analysis - 6 Units

Applicant: Newton St Development 3, LLC Property: 1740 New Jersey Ave NW		Proposed 6-unit condominium Addition			
	Proposed	Gross Sales	Price	SF	PPSF
	6-unit condominium	Unit 1	\$340,000	515	\$660
	Addition w/o Bsmt	Unit 2	\$490,000	805	\$609
Gross Sales	\$2,775,000	Unit 3	\$415,000	551	\$753
		Unit 4	\$540,000	761	\$710
Purchase Price	\$520,000	Unit 5	\$415,000	501	\$828
Closing Costs	\$40,000	Unit 6	\$575,000	717	\$802
		TOTAL	\$2,775,000		
Hard Costs	\$1,618,877				
Soft Costs	\$123,743				
Transaction Costs (Commissions, Taxes, Closing, etc)	\$194,250				
Condominium Documents & Legal Fees	\$31,000				
Condominium Surveying Costs	\$15,000				
Warranty Bond	\$113,321				
Operating Warranty Costs	\$27,750				
Total Project Cost	\$2,683,941				
Profit	\$91,059				
ROI	3.39%				

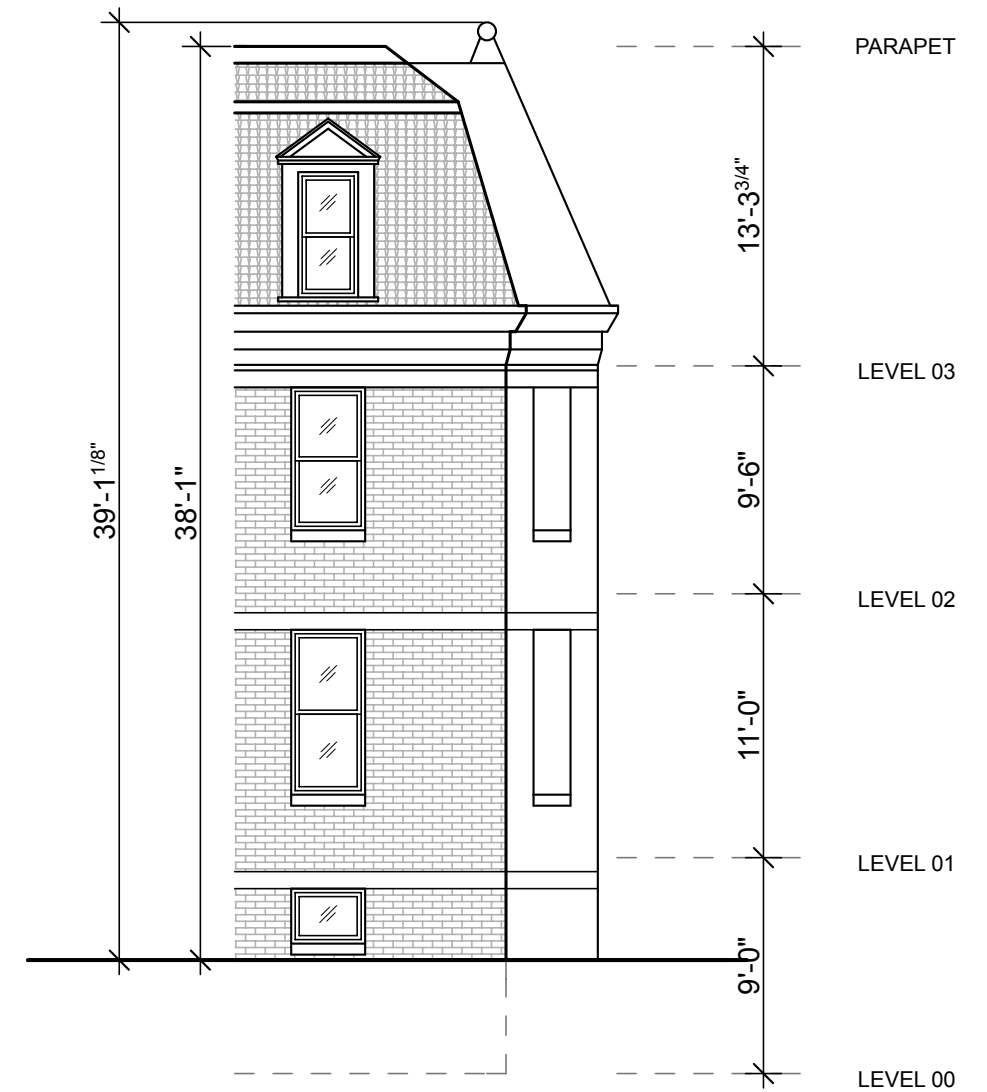
Construction Budget - 6 Units

	Proposed:
	6-Unit Condo
	Addition, no Bsmt
<u>Hard Costs:</u>	
General Requirements	\$32,084
Site Clean Up and Removal of Obsolete Non-Functioning Equipment	\$15,337
Site Preparation, Demolition, Discovery	\$63,613
Onsite Water/Sewer	\$11,471
Utilities, Taps, Permits, Hook-up Fees	\$33,649
Water Issues (Removal, Abatement, Mitigation), Foundation Membranes, Excavation, Drainage	\$29,008
Excavation & Earthwork	\$13,390
Foundation	\$9,567
Other Masonry/Hardscape	\$16,299
Rough Framing/Carpentry	\$131,529
Roofing/Roof Framing	\$69,608
Exterior Finishes, Stairs, Flashings, Trim	\$68,174
Windows/Exterior Doors	\$71,295
Plumbing	\$110,070
Electrical	\$121,913
HVAC	\$227,502
Insulation & Air Sealing	\$60,556
Drywall/Plaster	\$57,795
Interior Finish	\$302,055
Kitchen and Bath	\$93,365
Porches and Decks	\$28,351
Appliances	\$52,247
TOTAL Hard Costs:	\$1,618,877
<u>Soft Costs:</u>	
MEP	\$29,161
Structural	\$33,327
Civil / Survey	\$24,995
Legal and Permit Fees	\$36,260
TOTAL Soft Costs:	\$123,743

Exhibit D



EXISTING RHODE ISLAND AVE ELEVATION



PROPOSED RHODE ISLAND AVE ELEVATION

SK.24 EXTERIOR ELEVATION

Exhibit E

432 SQFT USABLE

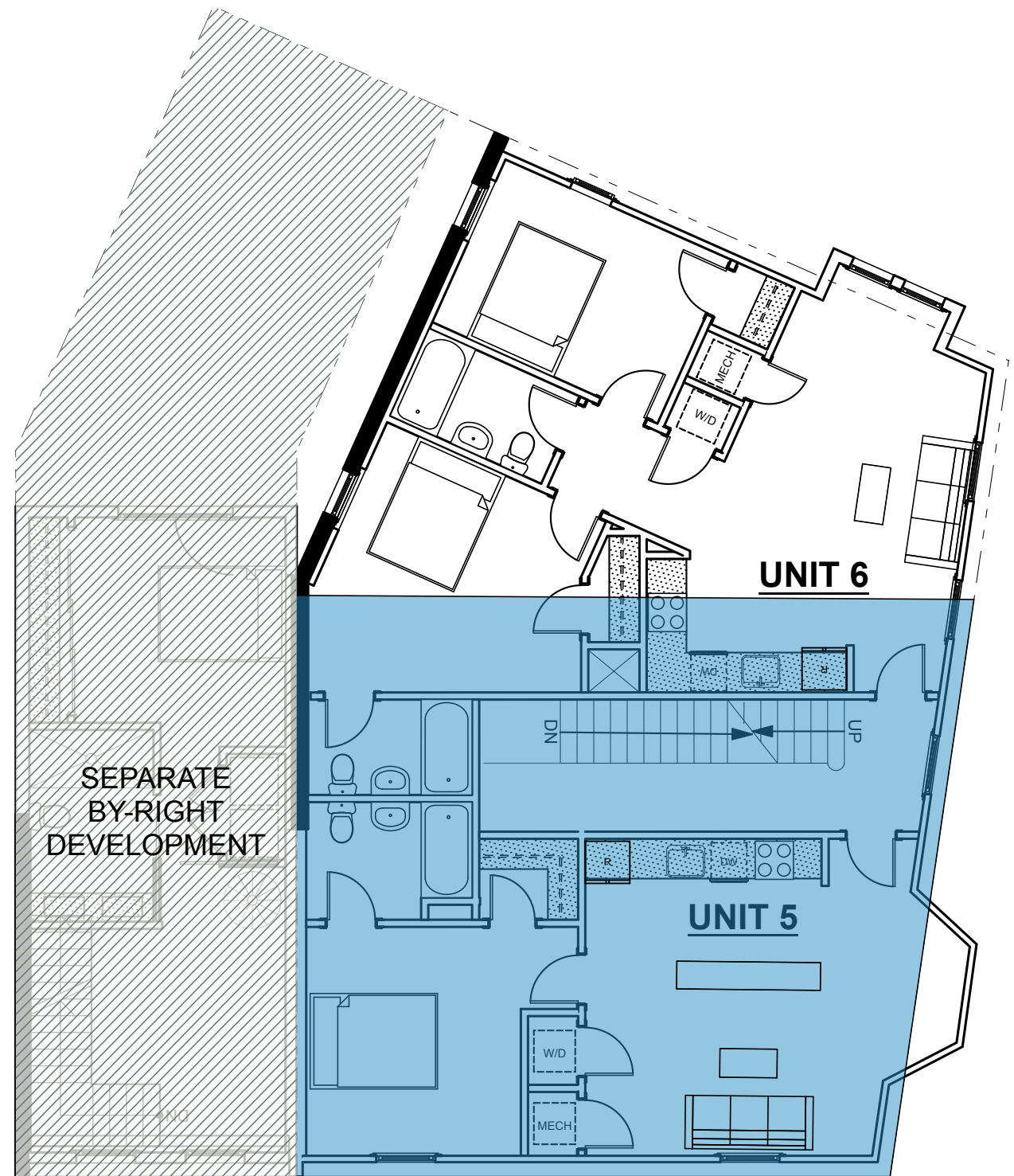
323 SQFT USABLE

SEPARATE
BY-RIGHT
DEVELOPMENT

UNIT 6

UNIT 5

SK.22 3RD FLOOR 60% DIAGRAM



SK.23 3RD FLOOR 60% DIAGRAM

Renderings of SK.23 – 3rd Floor 60% Diagram



VIEW LOOKING WEST FROM NEW JERSEY AVE. NW



VIEW LOOKING SOUTHWEST FROM S STREET AND NEW JERSEY AVE. NW

Exhibit F

Applicant's Proposed Conditions

1. The Applicant shall include in its residential leases a provision that prohibits tenants from obtaining a Residential Parking Permit ("RPP") or Visitor Parking Pass ("VPP") at the building approved by this BZA Order from the D.C Department of Motor Vehicles ("DMV") for the life of the project;
2. The Applicant shall record a covenant against the Property among the Land Records of the District of Columbia prohibiting any lessee or owner of the Property from obtaining an RPP or VPP at the building approved by this BZA Order for the life of the project;
3. The Applicant shall provide the first occupant of each residential unit a \$100 car sharing membership, or a \$150 Capital Bikeshare membership, or a \$200 *Smart Trip* card;
4. The Applicant shall provide 7 covered and secure bicycle spaces in the building;
5. The Applicant shall use reasonable efforts to lease 4 parking spaces from a nearby parking garage and make them available to residents at the Property;
6. The Applicant shall work with DDOT to close existing curbcuts, which provides additional public street parking space on Rhode Island Ave as well as additional space for parking on S St NW; and
7. The Applicant shall work with DDOT to provide space for a Capital Bikeshare Dock if and when a Capital Bikeshare Dock can be installed.