This document was prepared by: February 16, 2015

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For the client:

David Benson
2701 11th Street NW
Washington, DC 20001

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Purpose:

This document is in support of requesting relief from DC Zoning Regulation 401.3, which states an apartment house (3 or more units) must have at least 900 SF of lot area per unit in an R-4 District. 2701 11th Street NW is currently designated as a two-unit flat (basement unit below upper unit). The client is proposing to divide the existing upper unit in order to create a three-unit apartment house. The property is located on Lot 0016 of Square 2858, and the lot area is 1,547 SF. In order to have a third unit by right, this property would need an additional 1,153 SF of lot area (there would be 516 SF of lot area for each of the three units based on the actual lot area). The average size of the three proposed units would be 1,100 SF. We also seek minor relief from the 20' rear yard setback requirement, as we currently have 19.8' (propose no change). Finally, we also seek minor relief from the lot occupancy limit of 60%. Currently, the lot is built out at a higher percentage, but again, we propose no change to the building footprint or lot occupancy. We believe we can demonstrate the following:

The property is exceptional and extraordinary:

- The property is uniquely suited for the proposed conversion due to its corner location. The large amount of fenestration provided by this corner property would allow for three standard market size units (1,100 SF), all of which would have multiple conforming bedrooms (two two-bedroom units, and one three-bedroom unit). This inventory of three extremely marketable units would be an asset to the neighborhood and would also increase the tax base. Furthermore, because the existing structure lends itself so readily to this conversion and requires no additional building area, the impact on the density of the neighborhood is likely negligible (e.g., if three single urban professionals were to occupy the three proposed units, the density could arguably be lower than that of a single family of five occupying the entire property).

There is practical difficulty in utilizing the property:

- Given its age, the property is in need of extensive rehabilitation, the cost of which would be prohibitive to the owner, who would likely not be able to recoup the required investment through the sale of a two-unit flat. Current market rates would indicate that the inclusion of a third unit would be needed to justify the cost of renovation. Allowing a conversion of the property to three units would make it a much more viable candidate for continuing investment, which in turn has a positive impact on the entire neighborhood.

The proposal is not inconsistent with the intent of the Zoning Regulations:

- This particular property would not negatively impact the density of the immediate surrounding neighborhood and would be in keeping with similar existing units.
- There are many similar properties in the area that have much less lot area per unit than what we propose for the property in question.
- The neighboring property (2703 11th St NW) was granted the same relief we are requesting, even though it has a smaller lot area.

- The property is bordered by C-2-A districts one block immediately to the east and north. Furthermore, one can see the Carlos Rosario Public Charter School from the property, which gives the surrounding area a level of density that is typically not associated with an R-4 district.
- If the property were to be converted from two units to three units, more affordably priced units would be created.

Project Summary:

The client proposes to convert this existing two-unit corner property to a three-unit apartment house. The large amount of fenestration provided by the corner location would allow for three standard market size units, each with multiple conforming bedrooms. Furthermore, no additional square footage or significant exterior alterations are required for this conversion. The addition of multiple marketable units would be an asset to the neighborhood and tax base with no discernable change in density. The third unit also increases the potential resale of the property, providing an incentive for investment in the existing structure, which is in need of extensive rehabilitation.

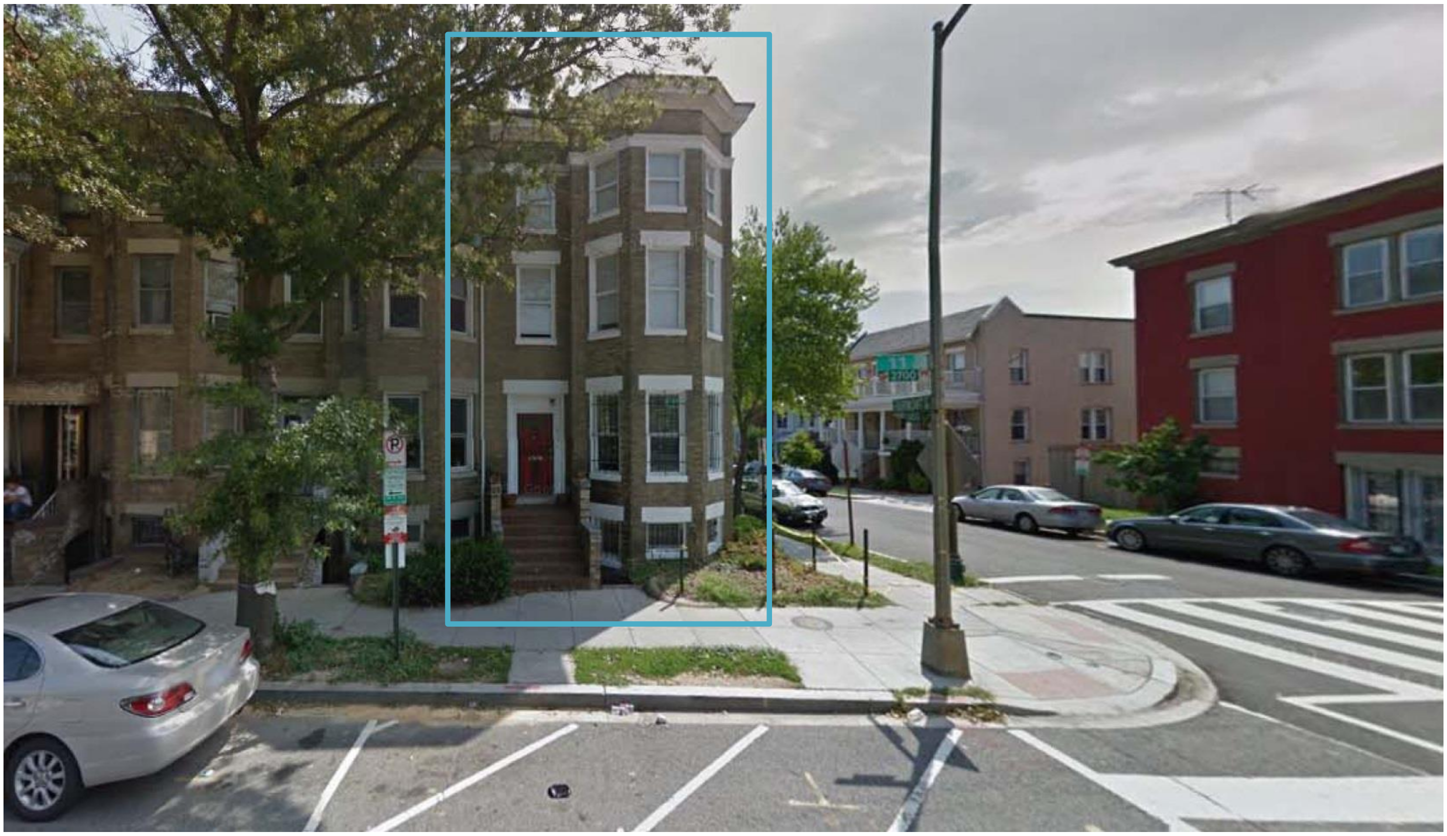


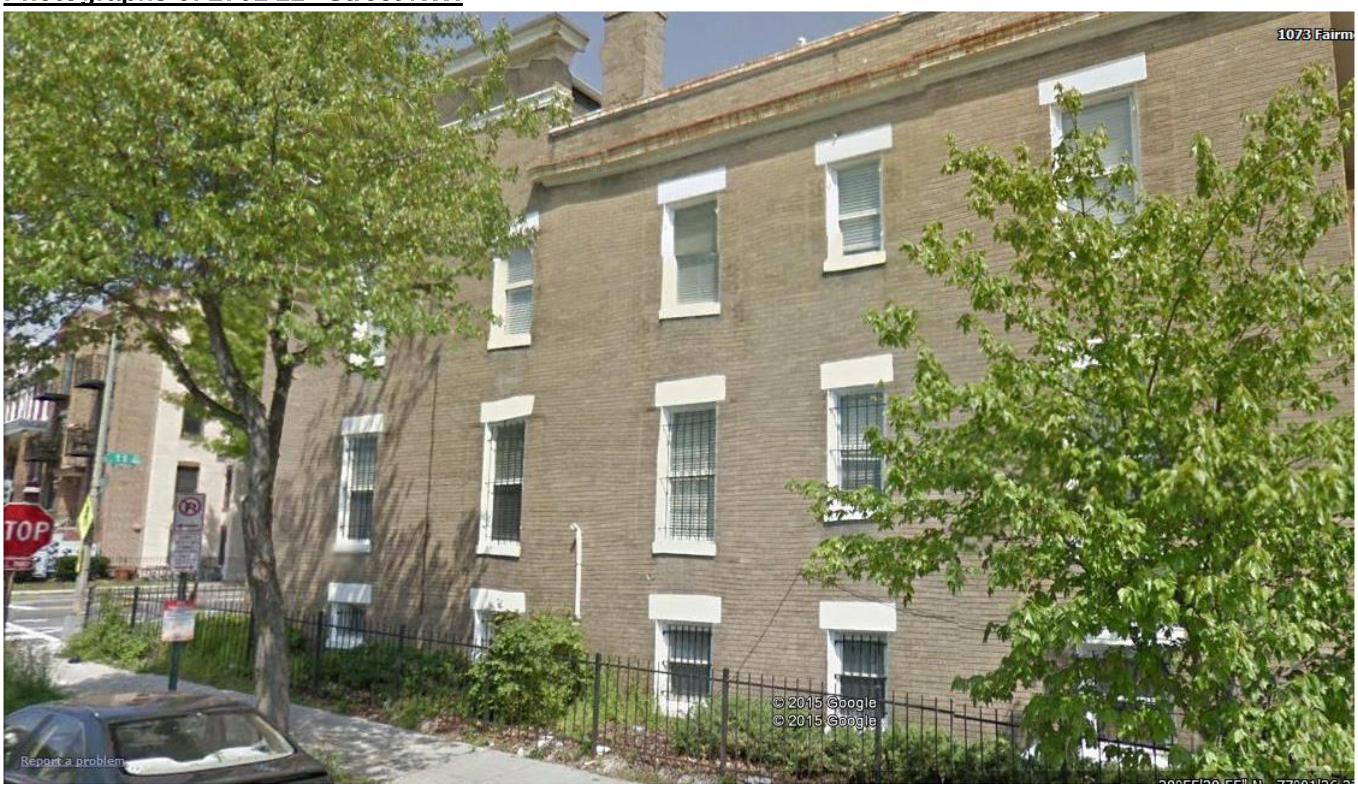
Fig. 1. Shows 2701 11th St NW in context.

Fig. 2. Shows the large amount of fenestration provided by the corner property.

<u>Exceptional Nature of 2701 11th Street NW:</u>

As previously mentioned, the large amount of fenestration provided by this corner property makes it uniquely suited for conversation to a three-unit apartment house because it allows for multiple conforming bedrooms in each unit. Additionally, the footprint of the existing structure allows for three market size units (1,100 SF average) and requires no additional square footage for this this conversion, as seen in the following plans.

<u>Photographs of 2701 11th Street NW:</u>



View of south elevation facing Fairmont Street NW.

View of south and east (alley) elevations.

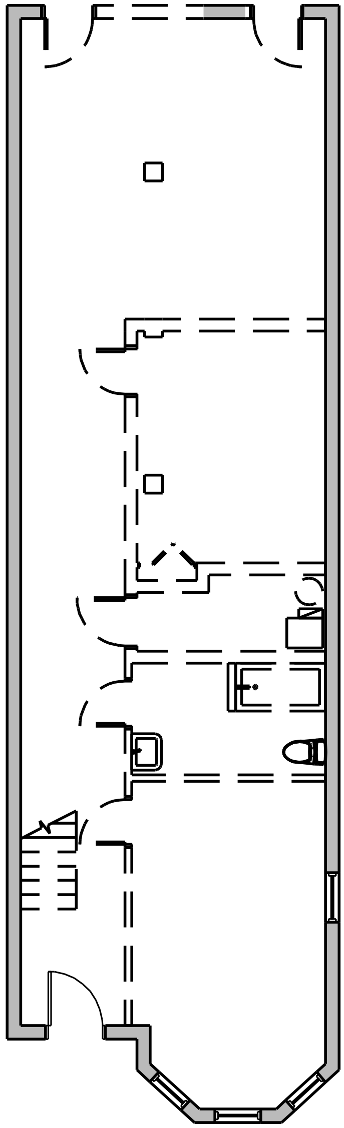


Fig. 3. Basement demolition plan

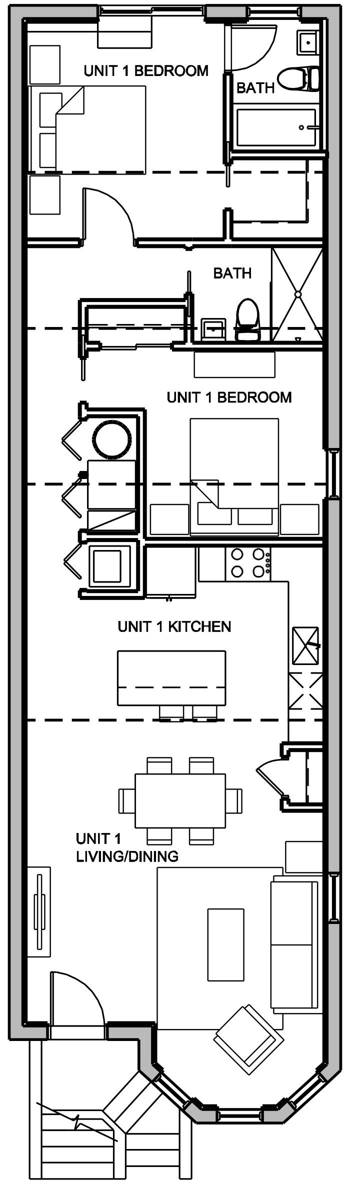


Fig. 4. Proposed basement plan (Unit 1)

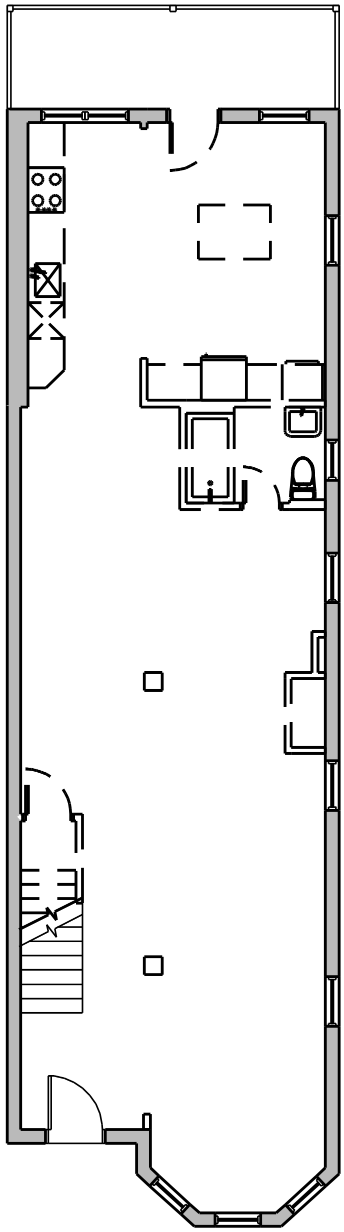


Fig. 5. 1st floor demolition plan

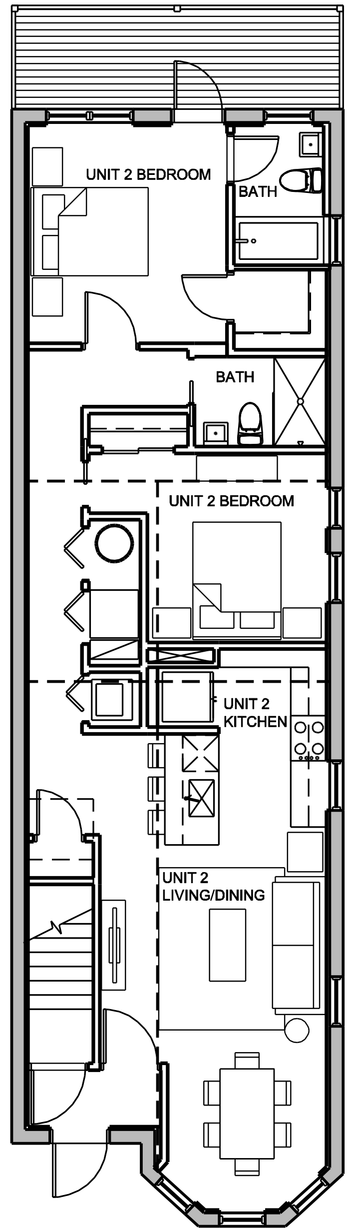


Fig. 6. Proposed 1st floor plan (Unit 2)

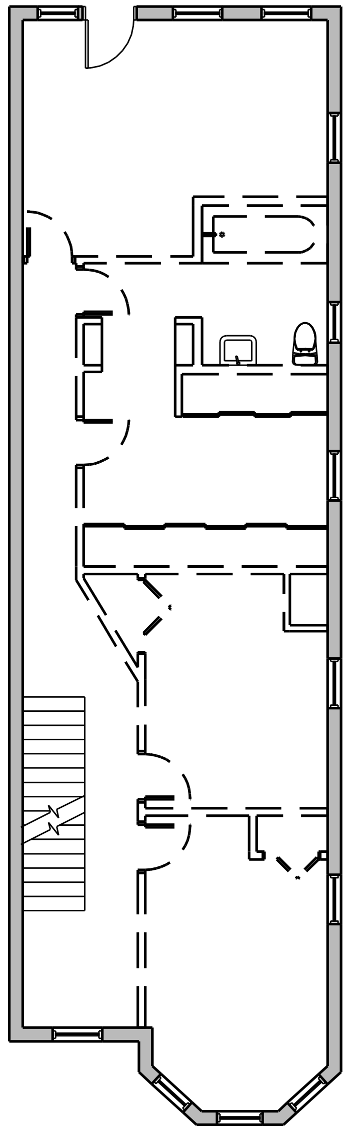


Fig. 7. 2nd floor demolition plan

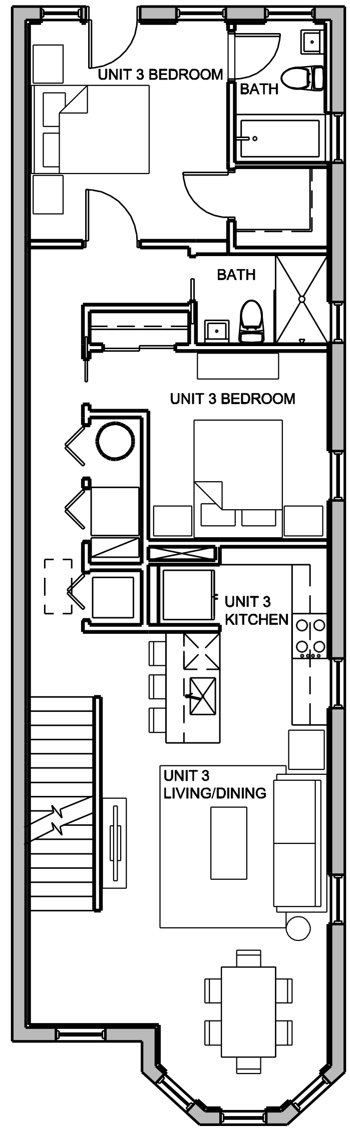


Fig. 8. Proposed 2nd floor plan (Unit 3)

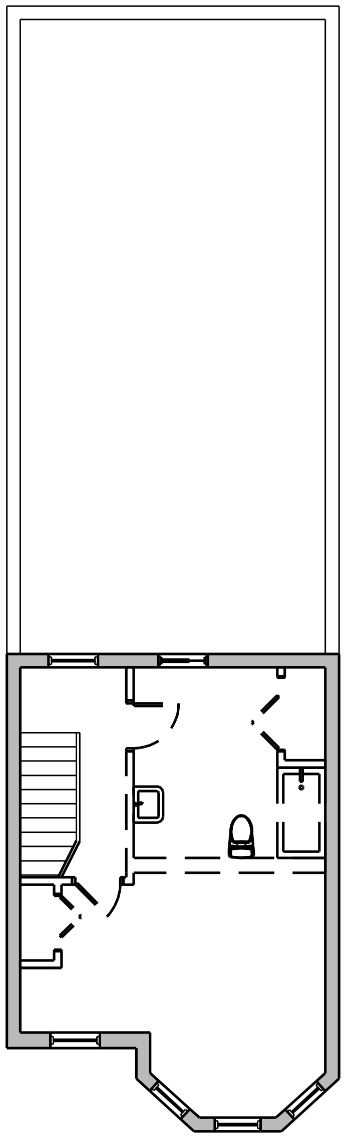


Fig. 9. 3rd floor demolition plan

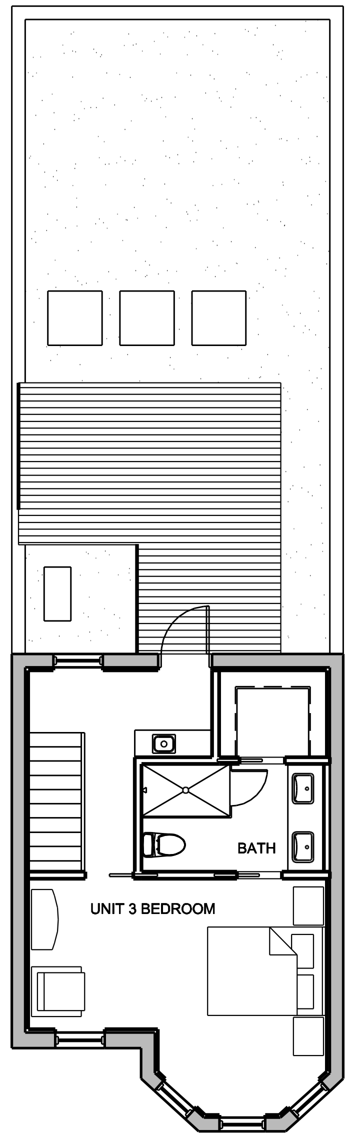


Fig. 10. Proposed 3rd floor plan (Unit 3)

Practical Difficulty - Financial

PROFIT AND LOSS ANALYSIS FOR RENTAL UNITS

Applicant: David Benson
Property: 2701 11th Street NW
Scenario A: Two Dwelling Units; Rental

Mortgages on Property	$679,443.00*
Project cost for two rental units	$598,324.00**
Design fees	$40,000.00
Permit fees	$11,984.00
10% construction contingency	$59,832.00
Total project cost	$1,389,583.00
Unit 1 projected monthly rent	$2,500.00***
Unit 2 projected monthly rent	$3,200.00***
Unit 1 annual rent (x 10% vacancy)	$27,000.00
Unit 2 annual rent (x 10% vacancy)	$32,400.00
Minus 10% maintenance costs	(-$5,940.00)
Total yearly pre-tax income	$53,460.00
Taxes paid year to date	$42,500.00
Interest paid on loan year to date	$152,500.00
Carrying costs thru construction	$35,000.00
Total expenses	$230,000.00
Total expenses + Project cost	$1,619,583.00
Total annual rent income after tax	$40,095.00
Years needed to recoup investment	**40**

*	As of December 2014; Purchased on January 2000
**	Construction costs based upon estimate and contract from industry standards based on cost per square foot for this region.
***	Rental rates based upon comps provided by Stages Realtors

Scenario B: Three Dwelling Units; Rental

Mortgages on Property	$679,443.00*
Project cost for three rental units	$624,004.00**
Design fees	$40,000.00
Permit fees	$12,480.00
10% construction contingency	$62,400.00
Total project cost	$1,405,847.00
Unit 1 projected monthly rent	$1,900.00***
Unit 2 projected monthly rent	$2,200.00***
Unit 3 projected monthly rent	$3,200.00***
Unit 1 annual rent (x 10% vacancy)	$20,520.00
Unit 2 annual rent (x 10% vacancy)	$23,760.00
Unit 3 annual rent (x 10% vacancy)	$32,400.00
Minus 10% maintenance costs	(-$7,668.00)
Total yearly pre-tax income	$69,012.00
Taxes paid year to date	$42,500.00
Interest paid on loan year to date	$152,500.00
Carrying costs thru construction	$45,000.00
Total expenses	$199,500.00
Total expenses + Project cost	$1,605,387.00
Total annual rent income after tax	$55,210.00
Years needed to recoup investment	**29**

* As of December 2014; Purchased on January 2000

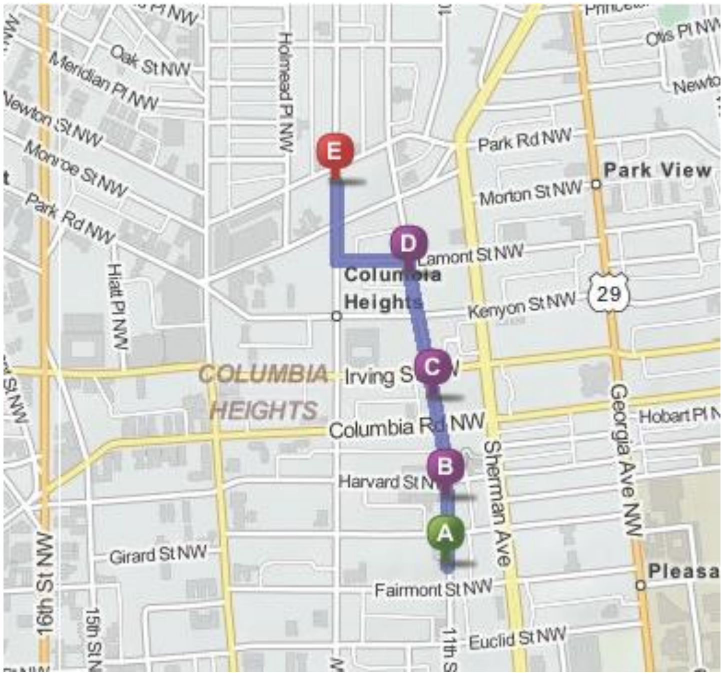
** Construction costs based upon estimate and contract from industry standards based on cost per square foot for this region.

*** Rental rates based upon comps provided by Stages Realtors

Summary: This analysis demonstrates that the amount of time it would take to pay for the project is drastically reduced by the 3 rental unit scenario (by eleven years) and is therefore preferable and

Vicinity Map

This vicinity map below shows the properties (lettered) described in the following section

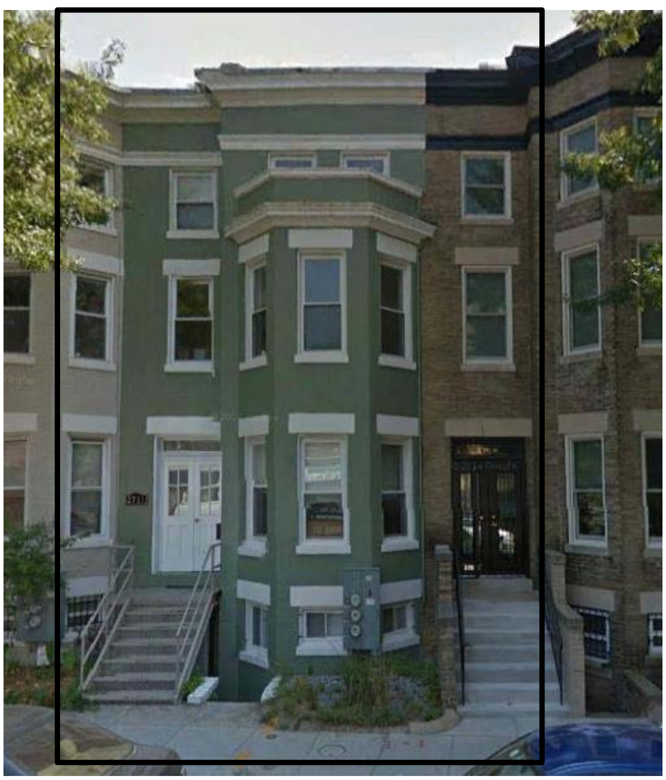


A. 2711 11th Street NW
B. 2821 11th Street NW
C. 3013 11th Street NW
D. 3227 11th Street NW
E. 3422 13th Street NW

Comparable Properties

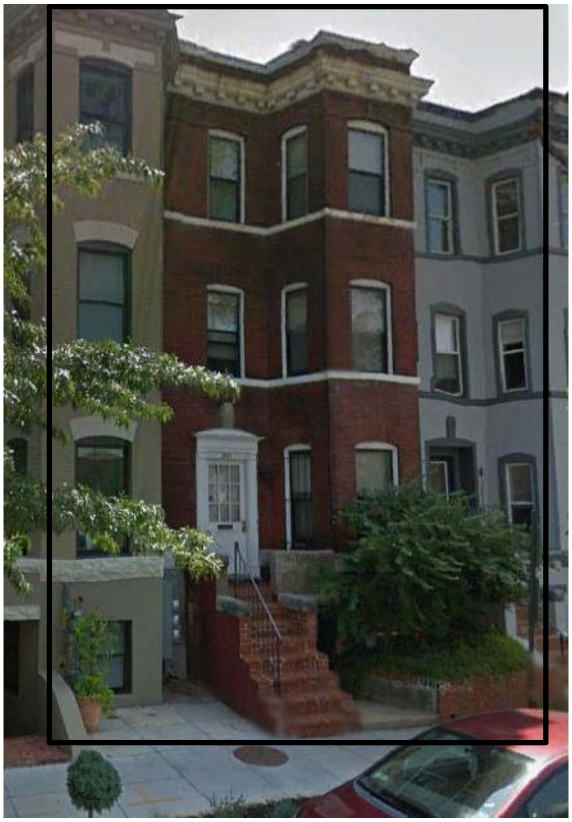
The following section will list a number of properties that are either apartment houses or condominiums that have similar (or smaller) lot sizes and interior square footages as what is being proposed at 2701 11th Street NW.

A. 2711 11th Street NW



Zone: R-4
Lot/Square: 0021/2858
Number of Units: 3
Average Unit Size: 819 SF
Average Lot Area per Unit: 447 SF

B. 2821 11th Street NW

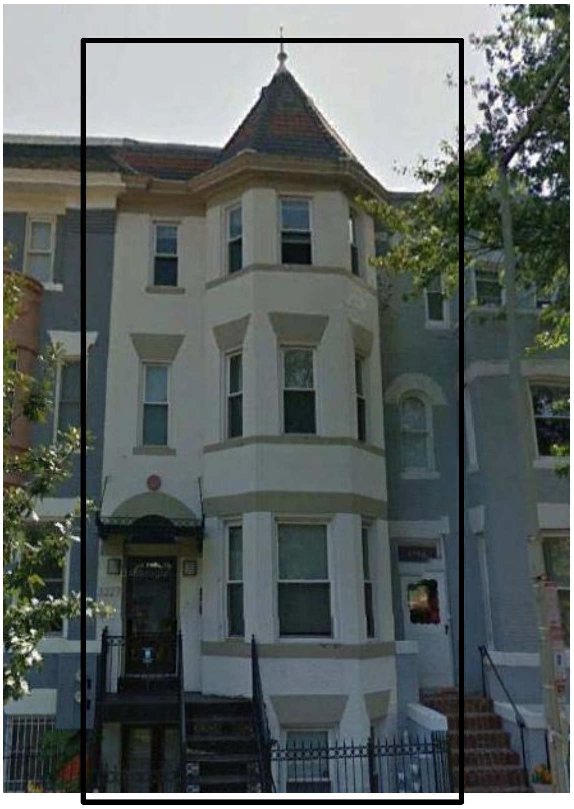


Zone: R-4
Lot/Square: 0047/2857
Number of Units: 3
Average Unit Size: 797 SF
Average Lot Area per Unit: 426 SF

C. 3013 11th Street NW

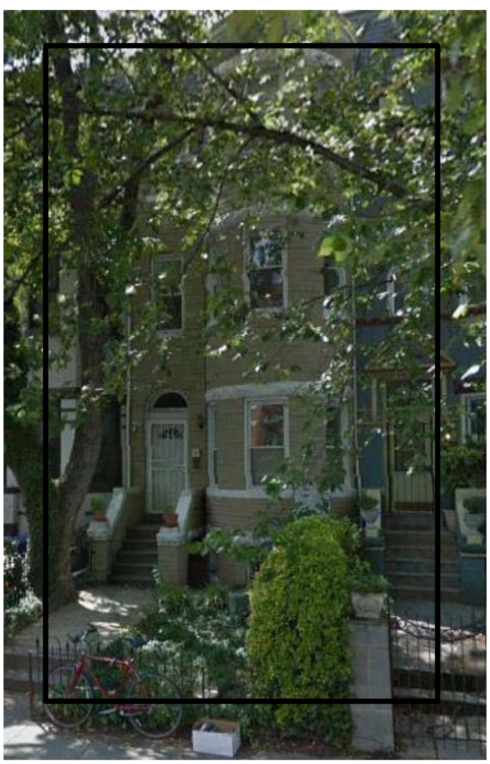
Zone: R-4
Lot/Square: 0102/2851
Number of Units: 3
Average Unit Size: 865 SF
Average Lot Area per Unit: 478 SF

D. 3227 11th Street NW



Zone: R-4
Lot/Square: 0030/2845
Number of Units: 5
Average Unit Size: 461 SF
Average Lot Area per Unit: 282 SF

E. 3422 13th Street NW



Zone: R-4
Lot/Square: 0024/2838
Number of Units: 3
Average Unit Size: 755 SF
Average Lot Area per Unit: 454 SF

Vicinity Photographs

Fig. 11. Looking north up 13th Street NW. 2701 is on the right side of the picture.

Fig. 12. Looking north up 13th Street NW.

Fig. 13. Looking north at 13th and Girard Streets.

Other Relief Sought

The lot occupancy and rear yard requirements of the current property are grandfathered, but we are requesting relief for both of these items as part of this proposed variance. The existing and allowable values for both of these requirements are listed below. The proposed conversion would cause no change to these conditions.

Lot Occupancy

Existing:	76%
Allowable:	60%

Rear Yard Setback

Existing:	19.8 feet
Required:	20 feet