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September 21, 2009

D.C. Zoning Commission
441 Fourth Street, N.W.
Suite 210
Washington, D.C. 20001

RE: Proposed Time Extension of PUD
Zoning Commission Case No. 03-30 (Square 643 Associates)

Dear Members of the Commission:

This letter is in follow-up to the Commission's request for additional details regarding the justification for a second extension of the planned unit development ("PUD") in Zoning Commission Case No. 03-30, located at 734 First Street, S.W. I have attached hereto for the Commission's convenience the original PUD order for the PUD (Exhibit "A").

As indicated in our previous extension request (a copy of which is attached hereto as Exhibit B). This is a mixed use project including nonprofit office space and residential condominiums. The office space of 10,000 square feet would be located in the former sanctuary and adjacent spaces of a historic landmark church, Friendship Baptist Church. The residential condominiums would be constructed as an addition to the church structure, along the east and north walls of the church. A special feature of the project is the retention of much of the volume of the former sanctuary, made possible by the nonprofit office use, whereas conversion to apartments would have divided up this space.

We emphasize that the approved PUD was the end result of several designs and iterations, the first of which was a 100% new construction condo project which was ultimately abandoned by the Applicant to allow for the retention of the existing church. The church was landmarked at the request of some community members who determined that it had historic significance after Mr. Tanner designed the new construction project.

The church is quite small by today's standards and in need of asbestos removal and major repairs, precluding its future use as a church. The approved nonprofit use was designed to ensure the preservation of the interior volume of the church and future access to the space, which is typical of a non profit use, to many community residents who worshipped there many years ago.

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ZONING COMMISSION
District of Columbia

CASE NO.

03-303

EXHIBIT NO.

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The approved design is also a stellar Shalom Baranes design which won the approval of the Historic Preservation Board.

Applicant has been advised by several real estate experts that the nonprofit component of the project must be resolved first before the residential component. The Applicant has been trying since the approval to identify an appropriate nonprofit for the space. There is no doubt that while the feasibility of the project is challenged due to the quirky nature of the church building and the very limited number of nonprofits who can adapt their space needs to the church interior as well as the uses restrictions imbedded within the PUD, this challenge has only become more difficult with the abandonment of the Corcoran PUD directly across the street due to the difficulties confronting the developer Monument Realty. The Corcoran PUD project is ten times the size of Applicant's project. The market wants to see the Corcoran PUD project stabilize and actually begin construction, and this perception directly impacts Applicant's project. There is little desire by small non profits to be next to a failed project or a project that is years away from fruition. This is the state of the Corcoran PUD at the moment and its immediate impact on surrounding properties. Finally, nonprofits have been hit hard by the recession -- most do not have the financial wherewithal at this time to contemplate expansion or a new move and, as a result, nonprofit leasing activity is almost non-existent at this time without District of Columbia subsidies.

Given these challenges, why should the Commission extend the PUD for another two or three years? The answer is simple. The approved project is highly meritorious and fully supported by the community. Killing it will only jeopardize the preservation of the church and prolong the redevelopment of the site. This is not beneficial to the City's interest in reviving the Corcoran PUD or the community's interest in revitalizing this vacant quadrant of the neighborhood.

The Commission has asked: what efforts has the Applicant made to develop the site? His efforts have been extensive as well as highly creative. Marketing outreach has been repeatedly made to all manner of nonprofit entities. Several proposals have also been made to the Office of the Deputy Mayor for Economic Development to locate a number of community-based government services in the nonprofit portion of the project, including the Southwest Library.

The Applicant's best efforts have also included offering the property for sale to expand the range of possibilities for expeditious development of the site. This is not a misuse of the PUD approval. Numerous PUD sites are on the market at this time, including the Corcoran. It is an appropriate and practical response to a difficult market and increasing equity requirements. To kill these PUD projects in this down cycle serves

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no constructive purpose. Like the Square 643 PUD, the entitlements need to be maintained so the projects are poised and ready to go as soon as the market turns upward,

Thank you for your additional consideration of this extension. We urge the Commission to stand by this exemplary project and grant the extension for a minimum of two additional years.

Sincerely,

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Enclosures

cc: ANC-6D
Office of Planning
Tommy Wells