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November 2, 2009

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

06-45A

RE: Proposed Time Extension and Minor Modification of PUD;
Zoning Commission Case No. 06-45 (District
of Columbia Housing Authority and CEMI-NMI Highlands LLC)

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Dear Members of the Commission:

The purpose of this letter is to request a three-year time extension of the planned unit development ("PUD") in Zoning Commission Case No. 06-45, and to request a minor modification in the approved PUD tenure mix (homeownership vs rental units.) The PUD site is Square 6123, Lots 78 and 80; Square 6125, Lots 20-25 and Square 6126, Lots 65-69 and 72 located in the Washington Highlands neighborhood of Southeast Washington.¹

The applicant is District of Columbia Housing Authority and CEMI-NMI Highlands LLC. The PUD project consists of 138 new homes to be developed on the vacant site of the demolished Highland Addition public housing complex. The project will provide new high-quality mixed income housing with a variety of housing types to include detached, semi-detached, townhouse and stacked triplex units. The PUD currently includes thirty (30) units that will serve households earning 60% or less of Area Median Income ("AMI").

The requested time extension stems from the very difficult site conditions which increased original cost estimates and necessitated that DCHA seek additional public funds. The initial cost estimates for the infrastructure improvements which are significant, given the challenging topography of the site, have, since the PUD approval process was completed, proved to be insufficient. The Department of Housing and Community Development ("DHCD") is providing some subsidy to the development, but

¹ A copy of Zoning Commission Order No. 06-45 is attached hereto as Exhibit A.
ZONING COMMISSION
District of Columbia

CASE NO. 06-45A
ZONING COMMISSION
District of Columbia
CASE NO. 06-45A
EXHIBIT NO. 1

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additional public subsidy funds were deemed necessary in order to close the infrastructure cost gap. These funds cannot come from private sources since a capital grant, or write-down, is essential. The increased costs cannot be absorbed by the budget. The District has done its best to free up funds to cover the gap, but given the economic downturn and the resulting decrease in District resources, no source of funding has been identified. The project has not gone ahead because of that unfilled funding gap.

The reason for the minor modification request is that DCHA decided to pursue HOPE VI financing, both to close the funding gap and to expand the redevelopment area to include all of the Highland Addition project rather than simply the unimproved land in that development. Three additional parcels that comprise the balance of the Highland project containing a total of 118 distressed public housing units will be included in the Project Hope VI application.

The decision to address the entire site is beneficial to the PUD and to the District's revitalization objectives for Washington Highlands as a whole. Because these new parcels have been added to the Highland project scope, DCHA would like to modify the tenure mix on the PUD site to achieve a balanced development overall. Some of the formerly approved PUD homeownership units will become rental and current rental units on the aforementioned adjacent parcels will be converted to homeownership units. This minor modification will assure a good mix units of market and subsidized/rental and homeownership dispersed throughout the overall Highlands development.

Attached are two copies of the PUD project site plan, the first one showing the approved tenure mix and the second one, the proposed tenure mix (**Exhibit B**). Also attached is a site plan for the entire Highlands development (including the three new parcels) (**Exhibit C**). It is anticipated that the PUD portion of the project will be constructed in a single phase with a 2-3 year build out after the construction of the new streets. We wish to stress that the PUD still includes the unimproved land only. Zoning on the other three parcels will be addressed at a later date subsequent to the HOPE IV application.

In summary, Condition No. 5 as set forth in Zoning Commission Order No. 06-45, Case No. 06-45, Consolidated PUD – Highland Addition is proposed to be amended as follows:

Condition No. 5. Approved: Thirty (30) of the dwelling units will be rental units affordable to households having 60 percent or less of Area Median Income. One hundred eight (108) units will be market rate homeownership units.

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Proposed: Forty-six (46) of the dwelling units will be rental units affordable to households earning 60 percent or less of Area Median Income. Ninety-two (92) units will be homeownership units, with a mix of market rate and subsidized units, affordable to households earning 80% of Area Median Income or less.

DHCA is in the process of preparing an application for HOPE VI funds which will close the gap and provide funding to add the three remaining parcels of severely distressed housing that comprise Highland Addition and revitalize the entire area. The HOPE VI application deadline is November 17 and it is critical that the PUD be extended in order to meet HOPE VI threshold requirements. The Commission's assistance in approving the requested extension on an expedited basis is necessary to achieve this result.

Thank you in advance for your consideration of this request.

Sincerely,

ARNOLD & PORTER LLP

Cynthia A. Giordano

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Attachments

cc: ANC-8E
Office of Planning