GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT



MAR - 7 2001

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Mr. Robert Sockwell
Chairman
Board of Zoning Adjustment
Suite 210-S
441 4th Street NW
Washington, D.C. 20001

RE: Georgetown Incinerator Project – Millennium Georgetown Development, L.L.C., Board of Zoning Adjustment Application No.16702

Dear Mr. Sockwell:

The District of Columbia, acting by and through the Department of Housing and Community Development, sold the old Georgetown Municipal Incinerator Building and Property to Millennium Georgetown Development, L.L.C. (MGD) in May 1999. MGD assembled the entire city block (Square 1189), including the Georgetown Incinerator Property, for the purpose of building a major mixed-use project that consists of a Ritz-Carlton Boutique Hotel, 100,000 square feet of high-end market rate condominium apartments, a 500 space parking garage, a 2,900 seat multi-theater movie complex and approximately 10,000 square feet of retail.

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MGD has been building, for the past year, the mixed-use complex with the combination of uses enumerated above. The 2,900 seat multi-theater movie complex is the major commercial retail anchor tenant for the project. The movie theater complex benefits the District by creating yet another major destination-type entertainment venue in Georgetown, which also creates many new good permanent jobs. The District of Columbia continues to strongly support the inclusion of the movie theater complex in this project.

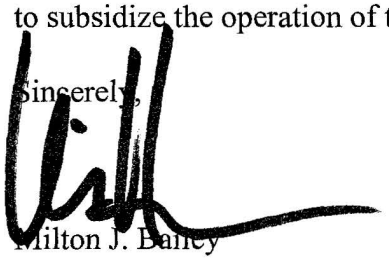
The economic problems that the movie theater industry is presently suffering are having a direct impact on the financial ability of MGD to continue including the movie theater complex in the project. MGD is strongly committed to keeping the movie theater complex in the project and has had to find ways to subsidize the additional cost of movie theaters remaining in the project. MGD will most likely be bearing the costs of the movie theaters tenant build-out and will leasing the movie theaters, at least initially, at

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below market rates to insure the presence of the movie theaters in the project. In order to generate other sources of revenue in the project to help subsidize the movie theater operation, MGD is proposing to add an additional floor to each of the condominium buildings facing K Street NW. The proposed change adds 10 feet of height to the two buildings, increases the FAR to 2.9 and allows ten more parking spaces and 6 more residential units to be added. The change is very inconspicuous and in no way changes the overall project design concept previously approved by the Commission of Fine Arts.

The Department of Housing and Community Development, acting for the District of Columbia, strongly supports the continued inclusion of the movie theater complex in this project and supports the area variance requested by MGD that will permit the slight changes in the project's exterior appearance. With approval of the area variance and slight changes to the project, MGD will be able to generate the additional revenue needed to subsidize the operation of the movie theaters in the project.

Sincerely,



Milton J. Bailey
Director