HQ Acquisition LLC

March 26, 2002

RECEIVED
D.C. OFFICE OF ZONING
2002 MAR 26 PM 4:00

Board of Zoning Adjustment
441 4th Street, N.W.
Suite 210 South
Washington, D.C. 20001

Re: BZA Case No. 16857 - 4500 Wisconsin Avenue, N.W., Pending Request for Authorization to Rescind Covenant before the Zoning Commission

To the Board of Zoning Adjustment:

HQ Acquisition, LLC, the owner of 4500 Wisconsin Avenue, N.W. (the "Property"), is enclosing materials to supplement its application in BZA Case Number 16857. The materials are as follows:

1. Revised architects materials, including site plan, zoning tabulations, site survey, floor plans, building elevations and building sections. These have been updated to reflect project development and refinement of the residential program since our application. While the exterior set-backs and exterior profile of the building are unchanged, the interior courtyard has been modified slightly, increasing in length by ten feet, and decreasing in width by five feet. The revised courtyard size is still well above zoning requirements.

Also, the project's proposed residential FAR has increased approximately 4%, with the overall FAR (for both the residential and retail components) reduced slightly. Correspondingly, the residential recreation space that is required has increased 1,160 square feet, and recreational space that is being provided under the proposal has increased 600 square feet. It should be noted that while the proposed landscaped walkway leading up to the rooftop level from Wisconsin Avenue does not meet the technical requirement for recreational space, as it is too narrow, it will provide excellent pedestrian access and public space for the residents.

2. A letter from Louis J. Slade, Vice President of Gorove/Slade Asssociates, Inc., indicating that the traffic impact of the proposed development would actually be less than the previous active use.

In addition to the materials supplementing our application that are enclosed with this letter, we are writing to inform the BZA that on February 28, 2002, we submitted a request to the Zoning Commission to authorize the District of Columbia to rescind a covenant pertaining the Property that was entered into in 1940 with the old Board of Commissioners for the District of Columbia (copy attached). In submitting the request, we have worked with the Zoning Administrator, who has provided a no-objection letter to the rescission request. The Zoning Administrator has requested that the matter be made public at the BZA hearing set for April 9.

CASE # 16857
EXHIBIT # 31

Board of Zoning Adjustment
District of Columbia
CASE NO.16857
EXHIBIT NO.31

Accordingly, we are including a copy of the rescission in the public file for the BZA hearing, but are not requesting that the Board take any action with respect to the covenant.

We look forward to the hearing and answering any questions you might have about our application. Thank you very much for your help on this important project.

Sincerely,

Richard Lake for
HQ Acquisition, LLC

Enclosures

7504-337

No. 24285 Recorded August 2, 1940 at 11:12 A. M.

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Rezoned Agreed Oct. 8, 1940

A G R E E M E N T

This agreement made and entered into on the 30th day of July, 1940 between Sears, Roebuck and Company, a corporation, of Chicago. Illinois, (hereinafter referred to as "Company") and M. C. Hazen, John Russell Young and D. McCoach, Jr., and their successors, the Board of Commissioners of the District of Columbia, witnesseth that,

Whereas the Company is the owner in fee simple of Parcels 35/250, 35/282, 35/409 and 35/410 in square 1730 in the District of Columbia; and

Whereas theCompany desires and intends to construct on the land in said Parcels a building to be used in connection with its business; and

Whereas, application has been made to the Zoning Commission of the District of Columbia to change the zoning of Parcel 35/410 from "Residential 'A' Restricted" to "First Commercial"; and

Whereas the Zoning Commission has entered an order to so change the zoning of said parcel 35/410 provided certain conditions are complied with, one of which condition is that the owner of said parcel shall enter into this covenant.

Now, Therefore, in consideration of the change of zoning by the Zoning Commission of the District of Columbia of parcel 35/410 from "Residential 'A' Restricted" to "First Commercial" and the zoning to "First Commercial" of the alley immediately east of said Parcel, the Company, for itself, its successors and assigns, covenants and agrees:

1. That said building will be constructed in accordance with architectural plans and elevations approved by the Zoning Commission, and

2. That no change in any entrance or exit and no addition to said building shall be made without the consent of the Zoning Commission thereto.

It is understood and agreed that this covenant runs with the land.

Witness: B. Beban
Asst Secy

M. C. Hazen (Seal)
M. C. Hazen

Witness: O. Clouser
Asst Secy

John Russell Young (Seal)
John Russell Young

Witness: O. Clouser
Asst Secy

D. McCoach, Jr. (Seal)
D. McCoach, Jr.

- - - - - - - - - -

(Corporate Seal)

Sears, Roebuck and Company

By G. B. Hattersley (Seal)
Vice President

Attest: C. E. Humm
Secy

- - - -

District of Columbia, ss:

I, Adam A. Giebel a Notary Public in and for the District of Columbia, do hereby certify that M. C. Hazen, John Russell Young and D. McCoach, Jr., Commissioners of the District of Columbia, parties to a covenant bearing date of July 30th, 1940 and hereto annexed, personally appeared before me in said District, the said M. C. Hazen, John Russell Young and D. McCoach, Jr., being personally well known to me as the persons who executed said covenant and acknowledged the same to be their act and deed.

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Given under my hand and seal this 2nd day of August, 1940.

(Notarial Seal)

Adam A.Giebel
Notary Public, D. C.

My commission expires Sept. 15, 1944

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State of Illinois
County of Cook, ss:

I, Carter D. Peebles a Notary Public in and for the State of Illinois, County of Cook, do hereby certify that G. B. Hattersley of Sears, Roebuck and Company, party to a covenant bearing date of July 30, 1940 and hereto annexed, personally appeared before me in saidState and County, the said G. B. Hattersley being personably well known as the persons who executed said covenant and acknowledged the same to be his act and deed.

Given under my hand and seal this 30th day of July, 1940.

(Notarial Seal)

Carter D. Peebles
Notary Public

My commission expires November 9, 1942.

NMH

GOROVE/SLADE ASSOCIATES, Inc.
Suite 700 / 1140 Connecticut Ave. NW / Washington, DC 20036
Phone: (202) 296-8625
Fax: (202) 785-1276
Toll Free: (888) 212-4242

October 15, 2001

Richard Lake
Madison RETAIL Group
1815 Pennsylvania Ave. NW
Eighth Floor
Washington D.C. 20006

RECEIVED
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2002 MAR 26 PM 4:00

Subject: Comparison of Traffic Generation for 4500 Wisconsin Avenue

Dear Richard:

This letter summarizes a preliminary estimate of the traffic generation characteristics of the Madison RETAIL Group proposal for 4500 Wisconsin Avenue as compared with other possible development scenarios.

Madison is proposing a mixed use development with approximately 88,000 square feet of retail space and 180 apartment units. The retail portion of this program will consist of three or four specialty tenants.

I have compared the hypothetical weekday and Saturday peak hour traffic generation of this development program with the hypothetical traffic that was generated when the property was a Sears store, and when it was a Hechingers store. I have also compared your proposed use of the property with a hypothetical "department store" of 88,000 square feet, and a hypothetical building materials/lumber store of that size (this is very similar to the Hechingers scenario).

First, I will comment on the residential component of your program. Studies have shown that residential located adjacent to Metrorail generates the highest utilization of public transportation compared with other land use categories. Our recent work on apartment residential projects in the city has shown that the profile of the apartment tenants in your project will include relatively low levels of auto ownership. Of those who own automobiles, most store them during the week and commute by public transportation. Thus, the residential component will generate very low levels of traffic during the commuter peak hours. During the remainder of the week, the apartment dwellers' auto traffic will consist of relatively low levels of demand spread out over the non-peak time periods.

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The traffic generation characteristics of "specialty retail" tenants also has a relatively low impact compared with other retail categories. Specialty tenants are often not open until 10 a.m. so there is no impact on weekday morning commuter traffic. Discretionary trips to these retailers are usually not impulse trips and they are planned to avoid traffic peaks. These retailers usually do not attract large crowds for sales. They do tend to attract their peak traffic during the holiday shopping seasons but these traffic peaks do not coincide with commuter traffic peaks.

By comparison with the old Sears and Hechingers stores (or a new building materials/lumber home improvement store), your proposed mixed use development will generate significantly less traffic. The Sears was a large store with a high number of employees who arrived at work during the commuter peak and the shopper traffic was significantly higher than your specialty category of retailers. The Hechingers store generated heavy contractor traffic during the weekday morning peak, light traffic during the weekday evening peak, and heavy home and apartment owner traffic on weekends.

I used Institute of Transportation Engineers trip generation rates to estimate the baseline traffic that each of the several scenarios I analyzed. This was done to get order-of-magnitude comparisons between the scenarios. Adjustments for mode choice and pass-by trips (impulse stops by commuters passing the site) would reduce the ITE-based estimates. Here are the general conclusions of these preliminary calculations;

- The traffic generated during the weekday morning commuter peak hour by the alternative scenarios (Sears store, building materials/lumber, or other single use "department" store) would be at least two times and as much as five times more than the Madison proposal.

- The traffic generated during the weekday evening commuter peak hour by a single use "department" store would be at least 1.2 times to 2.6 times more than the Madison proposal.

- The traffic generated during the weekday evening commuter peak hour by a building materials/lumber store would be significantly less than the Madison proposal.

- The traffic generated during the Saturday peak hour by the alternative scenarios (Sears store, building materials/lumber, or other single use

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"department" store would be at least 2.5 times and as much as five times more than the Madison proposal.

Thus, the Madison REALTY Group proposal would have significantly less impact than any of the scenarios we examined with the one exception being the building materials/lumber use which generates very low traffic during the weekday evening commuter peak hour.

Best regards,

Louis J. Slade, PE

Vice President