GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF PLANNING

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Office of the Director

BZA
Case No. 16983
Exhibit No. 39

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MEMORANDUM

TO: Board of Zoning Adjustment

FROM: JLS for Andrew Altman, Director

DATE: March 25, 2003

SUBJECT: BZA Application #16983 (Application of Richard Nappi/ Blue Sky Housing O St., LLC)
505-507 O Street, NW
Square 479, Lots 36, 37 ANC 2C
Supplemental Report

BACKGROUND

At its March 11, 2003 hearing on this case, the Board of Zoning Adjustment asked the applicant to submit additional information on the following items by March 25, 2003:

- A list of sales prices per square foot of comparable properties, to assess whether the applicant's alleged hardship is of his own making;
- Further explanation of hard and soft construction costs;
- More documentation about the projected selling price of both matter of right construction and the configuration proposed by the applicant
- An explanation of the linkage among the projected higher construction costs, the applicant's desire to preserve the existing facades and some structure rather than demolishing the existing structures and building totally new ones.
- Additional drawings and schematics, particularly the elevations, to better assess the point immediately above.

The applicant filed his response to these requests on the afternoon of March 25. The Board asked the Office of Planning (OP) to respond by March 26, 2003. This report is OP's response. It is supplementary to our report of March 4, 2003.

EVALUATION OF SUPPLEMENTARY INFORMATION

Comparables: Unrenovated properties listed as "shells", within 4 blocks of the applicant's properties, sold for $240,000 and $255,000. OP has not inspected these properties and cannot determine whether their selling for 25% and 30% more than the applicant paid for his shell is reasonable. It does seem to indicate that paying $200,000 for a shell is not necessarily unreasonable on the face of it.

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Construction Costs: The applicant has provided more documentation than some PUD applications. The renovation costs per square foot do not seem unreasonable.

Projected Sales Prices of Renovated Units: The applicant hired Stuart Patz, a well-respected real estate consultant, to compare feasibility of selling maximum-size and minimum-size single family matter-of-right rowhouses (w/ English basement), 5 matter-of-right condominium units, and seven condominium Units. He also shows "comparable" condominium sales prices, *albeit* for somewhat more expensive neighborhoods. Mr. Patz concludes that only with 7 condominium units would the applicant make a modest profit. OP has no reason to question this conclusion.

Concept Drawings for Facades; Linkage Between Higher Construction Costs and Desired Façade Preservation Rather Than All-New Construction: OP does not feel that the applicant firmly establishes these linkages. The proposed design for the English basement and first two floors faithfully reflects the existing structures. The proposed third floors are clearly sympathetic to the style of the original construction. Generally, preservation/ reconstruction and renovation is more expensive than new construction. There is no reason to think this rule-of-thumb would not apply to the applicant's properties. However, there is not sufficient detail to conclude firmly that the proposed facades would cost more to build than similar new facades (e.g., the 1300 block of Corcoran Street, NW). Nor does the applicant indicate whether significant square footage would be lost if the project were entirely new construction, no longer able to take advantage of the non-conforming grandfathered footprint of 505 O Street. Despite these shortcomings, OP feels that Mr. Patz's report provides information sufficient to conclude that the requested zoning relief is necessary to make the project viable and to bring back to life two vacant shells that have blighted the neighborhood for years.

REVISED OP RECOMMENDATION

OP had previously stated it was unable, at that time, to recommend Board approval of the requested area variance. We feel that the supplementary information is sufficient to warrant that OP recommend the Board approve the requested area variance.

OP continues to recommend the Board approve the requested parking variance.

Aa/slc