CAPITOL GATEWAY ESTATES
PUD HEARING
PRESENTATION OUTLINE
March 11, 2004

I. INTRODUCTION

Cynthia Giordano, Arnold & Porter

II. DEVELOPER PANEL

A. **D.C. Housing Authority:** K. (Bernie) Tetrault, Real Estate Development Advisor to the Executive Director; Kerry Smyser, Project Manager (copy of Testimony attached)

- Project Goals and Objectives
- Project Timetable

B. **A&R Development Corporation:** Cheryl Hamilton, Director, Washington, D.C. Office; Calvin Jackson, Assistant Development Manager (copy of Testimony attached)

- Project financing and timetable
- Overview of changes in Second-Stage PUD since First-Stage approval:
  - Multi-family building will be presented in a later PUD. The existing high-rise will be renovated rather than replaced, as approved in First-Stage, due to HUD requirements.
  - Total number of dwelling units will be reduced to 226 from 245 as in First-Stage approval.
  - Number of semi-detached units will be reduced to 68 from 92 as in First-Stage approval.
  - Number of grandhomes will be reduced to 28 from 36 as in First-Stage approval.
  - Detached and townhouse unit counts virtually unchanged.
  - Community center exterior unchanged. Some interior changes in floor plans.

C. **The Henson Development Company:** Dana Henson, Vice President (copy of Testimony attached)

- Update on project minority hiring efforts
- Submission of executed First Source Employment and Office of Local Business Development Memoranda of Understanding

ZONING COMMISSION
District of Columbia
CASE NO.03-03
EXHIBIT NO.32

III. **PRESENTATION OF PROJECT PLANS**

A. **Grimm & Parker Architects:** Mel Thompson, AIA; Carl Oehrig, AIA (copy of PowerPoint presentation attached)

- Identification of firm
- Presentation of residential plans

B. **Bryant, Bryant & Williams:** Charles Bryant, AIA

- Identification of firm
- Presentation of Community Center plans

C. **The Edgecombe Group, Landscape Architects:** Leland Edgecombe, A.S.L.A.

- Identification of firm
- Presentation of landscape plans – residential and Community Center

IV. **ADDITIONAL WITNESSES AVAILABLE FOR QUESTIONS & ANSWERS:**

A. **O.R. George & Associates, Inc.:** Transportation Planning & Engineering Consultants: Cullen Elias, Principal-in-Charge

B. **Ben Dwyer & Associates, Civil Engineers:** Kevin Caillouet – available for questions on stormwater management, grading, utility plans

C. **Arnold & Porter:** Nathan W. Gross, AICP, City Planner

Capitol Gateway Stage II PUD
DC Zoning Commission Case #03-03/02-05
PUD Hearing
Thursday, March 11, 2004
6:30 PM

My Name is Kerry Smyser. I am the DC Housing Authority Project Manager for the Capitol Gateway HOPE VI Project.

Good Evening Chairperson Mitten and respective Zoning Commissioners. I thank you for the opportunity to briefly provide information to you regarding the goals and milestones of the Capitol Gateway HOPE VI project. I request you keep in mind, during my testimony and the testimony to follow, there are federal funds in the project and we must satisfy the schedule, goals, and philosophy prescribed by the U.S. Department of Housing and Urban Development's HOPE VI program.

In May 2000, the DC Housing Authority and development partners, A&R/THC, LLC submitted a HOPE VI Application for the East Capitol Dwellings and Capitol View Plazas I&II and in July 2000 was awarded $30,867,337. In Fiscal Year 2000, the concept plan demolished 1,107 public housing units and provided 555 new residential units. Since that time, due to financial and site challenges, the development team and Housing Authority looked at the overall project and how best to develop a neighborhood where not just former residents of the East Capitol will want to return, but a place where residents living in neighboring counties and States will want to live. You will hear and see how the concept plan has evolved into a potential "Best Practices" model for redevelopment projects nationwide.

Some of the challenges with redeveloping this site have been funding, which is not new in the world of development, as well as the topography of the site; providing off-street parking for each single-family dwelling; and possible environmental issues.

Capitol View Plaza II is a FHA foreclosed building which DCHA is in negotiations to acquire. In 2001, FHA informed the DCHA the Up Front Grant in the amount of $12 million dollars could only be used to replace housing within the footprint of that building instead of the entire 50 acres as once proposed. This caused a gap in the financing for the entire site. Not only does this cause a financial gap, but causes an issue with meeting the proposed schedule to HUD. If DCHA and FHA do not close the deal in a timely manner, then the project schedule may extend past the HOPE VI Completion Date.

The 50 acres has varying degrees of grade with some very drastic drop-offs and steep inclines. The site will need a great deal of preparation in order to build on level and stable ground. The site work is very costly and is 11 percent of the total development budget.

Another challenge, which the development team will testify to, was providing off-street parking to each single family residence. The steep grades provided some challenges to the architects and engineers, however the thought and ingenuity to accomplish this convenience for the future homeowner is commendable.

Another challenge is the possible environmental issues which may arise as demolition continues and excavation begins. Underground storage tanks, not marked on current site plans, have been found since construction of the Senior Building began; there is considerable asbestos and other hazardous materials in the buildings scheduled for demolition which must be removed and abated prior to the buildings being knocked down. Additional environmental remediation can severely affect the demolition and construction schedules, which we can not afford.

Challenges with HOPE VI developments are par for the course because the development is mixed financed with funding being provided by the Federal Government, District of Columbia Government and private investors. The Housing Authority and its development partners must cross every T and dot every I in order to secure the financing, begin construction, and ultimately provide affordable housing for the former residents of East Capitol Dwellings and other residents of the District of Columbia. It also leaves a portion of the control in the hands of many different entities. As I mentioned in my testimony earlier, HUD has provided $30.8 million dollars and is holding this project, as well as many others in the nation accountable. Effective February 3, 2004, HUD began enforcing a policy which states any HOPE VI project which does not meet its quarterly deadlines and goals will be closely monitored for 90 days by HUD and must meet the goal within the 90 day period. If the activity is not met then it could financially impact the project. DCHA is working closely with HUD to ensure we meet the quarterly deadlines and goals for this project. Therefore it is imperative Capitol Gateway move forward in a timely and efficient manner. All activities including zoning, securing

financing, providing services to former residents, demolition, construction, occupancy and close-out of the grant are scheduled. HUD has the project schedule is holding us to each projected date.

Once again, I appreciate the opportunity to come before you and request approval of the Stage II PUD for Capitol Gateway.

Capitol Gateway PUD Testimony
Cheryl Hamilton, A&R Development
March 11, 2004

Good Evening Madam Chair, Members of the Zoning Commission, Ladies and Gentlemen. My name is Cheryl Hamilton, VP of A&R Development Corp. A&R and The Henson Development Company are partners in the Hope VI redevelopment of East Capitol Dwellings, to be renamed Capitol Gateway.

The development team has been hard at work overcoming some major challenges to the project. Fortunately, with challenges there are sometimes silver linings and we believe that the overall project reflects that. Because of a change in the restrictions of one of the major financing sources (FHA Upfront Grant Proceeds) we have been forced to rethink the entire project.

1. We have reorganized the entire concept of the project focusing in a nearby asset (Capital Heights Metro). With that change we have decided to increase the density above the HOPE VI application density of 555 units to approximately 763; however, this increased density is concentrated in the renovation of the high-rise towers, which is not part of this PUD. These towers will be part of another PUD application to be submitted later this year or early next year.
2. We have decided to retain both high rise buildings and transform them into condominiums and rental apartments, taking advantage of the metro station and "Transit Oriented Development" concepts.
3. This change eliminated a string of 5 townhouses that were to be located where the existing senior building (Capitol View Plaza I) now currently sits.
4. This change required that we have in-depth project and financing discussions with all lenders involved, which we have done. The new concept has been accepted by all including the DCHA Board of Commissioners, Dep. Mayor's Office for Economic Development, FHA and Fannie Mae.
5. We took a careful look at the floor plans for the houses and made changes to ensure that we had the best marketable floorplans for our target market. We also evaluated the floor plans for storage space (especially in the apartment units) and livability.

6. We also worked to make the houses as marketable as possible in this emerging neighborhood. We understand that safety of the automobile is a high priority for the families, couples and single people that we will market to. Therefore, we worked hard to provide at least one off-street parking space for every house. We have accomplished this with a parking pad, or garage accessed either from a rear alley or from the street in the front of the house.
7. Not unexpected, but we had many civil engineering challenges which required careful thought and analysis in order to not create another unintended problem. As a result, we eliminated the houses along Watts Branch, which would have been single loaded streets with extremely expensive utility relocations. This also addressed concerns from commercial tenants about the overall size of the proposed commercial center.
8. After doing all the above, we then did an exhaustive financial analysis modeling the first mortgage pricing to ensure to we would be able to service the markets we intended.

The financing for the homeownership component, which totals 140 units, is as follows:

Construction Loan/Sales Proceeds	$26M
DCHA/City Funds	$ 5M
Equity/Mezzanine	$ 5M
Total	**$36M**

Targeted Markets for the homeownership houses are:

Housing Choice Voucher (40-45% AMI)	30 units
Affordable (46-60% AMI)	26 units
Near Market (61-80% AMI)	70 units
Market (over 80% AMI)	14 units
Total	**140 units**

The financing for the Rental Component which total 86 units is as follows:

HOPE VI/Tax Exempt Bond	$ 15.0M
Tax Credit Equity	$ 4.7M
DCHA/City Funds	$ 5.1M

Total	**$24.8M**

Targeted Markets for the rental houses are:

ACC Assisted (0-60% AMI)	61 units
Tax Credit (30-60% AMI)	25 units
Total	**86 units**

The Community Building will be financed with all HOPE VI funds. The building will provide community activity space, as well as space for a daycare and a small number of offices.

We are happy to inform you that the senior building you approved is under construction and is expected to be completed in December 2004. As said earlier, we really need to move as fast as possible to get the residential housing going. Our current schedule anticipates finance closings in June/July of this year.

Therefore, we thank you for your continued patience and hope that you will continue to support the project as we go forward. Thus, we once again ask you for a bench decision, so that we can move forward as swiftly as possible in order to make this new community a reality sooner, rather than later.

Thank you.

March 11, 2004

Good Evening Ladies and Gentleman.

My name is Dana Henson. I am the Vice President of The Henson Development Company, Inc. (THC).

My primary focus for the East Capitol project is LSDBE and Section 3 programs. My duties include being a consultant and advisor to the East Capitol View CDC and creating programs to insure maximum opportunities for residents and LSDBE businesses to participate in the redevelopment process.

A&R and THC have exceeded LSDBE requirements in every project we have undertaken
As minority-owned concerns, A&R/THC's philosophy is to bolster LSDBE businesses by bringing them as key players in its projects wherever possible. Doing what it takes to include LSDBE firms and hiring local residents for its projects, especially newcomers, has been both A&R/THC's responsibility and pleasure.

A&R/THC and the A&R/THC Team value the powerful message that the presence of minority business people sends to public housing residents, particularly young people--the message that minorities can and do play a vital, financially rewarding role in their city's economy. For example:

A&R and its co-developers had a **52% MBE participation rate for Wheeler Creek, well exceeding the 35% requirements.**

THC has also had enormous success with Section 3 and M/WBE participation with **45% participation of M/WBEs for the Columbus Center in Downtown Baltimore** in 1991, when M/WBE hiring was still a new concept for many. Additionally, while the Commissioner of Housing of Baltimore City, **Dan Henson set new trends of hiring Section 3 residents, designing and implementing cutting edge programs along with awarding M/WBEs record number of contracts.** More than at any other time in the City's history. **For every quarter while Dan Henson was at the Baltimore City Housing Authority he awarded 50% or more of the dollar amount of prime contracts to MBEs.**

Harkins Builders, the General Contractor for East Capitol, **has won a combined five (5) awards from HUD and the Maryland Minority Contractors for its accomplishments in hiring minority-and women-owned businesses.** They have a track record of proactively responding to Section 3 requirements in their construction projects. To insure opportunities for local residents, Harkins has created a program that requires major subcontracting trades to create new employment positions for Section 3 residents.

Harkins has had success with M/WBE participation:
Heritage Crossing Sitework - 43.61%
Heritage Crossing For Sale and Rental - 43.22%

Wheeler Creek Daycare Center – 55.9%
Wheeler Creek Elderly Building - 31.3%
Wheeler Creek Housing - 56.8%

We intend to achieve the highest possible percentages of LSDBE participation at all levels of this project and in all phases. **With over 50% LSDBE participation at the start**, our team roster demonstrates A&R/THC's upfront commitment to bring in local small disadvantaged business enterprises at the earliest stage of this revitalization:

- Developer: A&R Development Corp. - 100% MBE
- Developer: THC, Inc. - 100% MBE
- General Contractors: Doracon - 100% MBE
- Property Management: AR Management, Inc. - 100% MBE
- Architect: Sorg & Associates - 100% WBE/MBE
- Architect: Bryant, Bryant & Williams - 100% MBE
-

We are uniquely qualified to achieve superior levels of minority and women participation because of our composition and ability to draw upon the reserve of talent we have employed over decades of development in Baltimore and D.C. We held 2 Vendor Fairs prior to bidding the first phase of demolition and we will hold additional Vendor Fairs in the months to come. During the first phase of demolition all but one of the contracts awarded were awarded to LSDBE firms, including sub-contracts awarded to C&F Construction and Diversified Environmental. Over 38% of contracts for the Senior Housing component have been awarded to LSDBE firms. If all M/WBE firms were included in our numbers, over 45% of contracts have been awarded to M/WBEs.

We have negotiated and executed an **MOU with the Office of Local Business Development** (*copy attached*). We have been working closely with them including, providing sets of plans at their offices and utilizing their mailing lists.

Throughout the planning, construction and operation phases of East Capitol Dwelling's revitalization, we will continue to recruit Local Residents and LSDBEs to participate, including new resident owned enterprises created through the HOPE VI process. These businesses include:

- Real Estate Business
- Health Care Management Business – Will be hired to provide services at new Senior Building
- Employment Services Building – Will be our *First Source* for hiring residents

An example of this success is **Baltimore's Pleasant View Gardens HOPE VI** that demonstrates our approach's success. A&R as developer and Dan Henson, principal of THC as Housing Commissioner, succeeded with minority firms accounting for more than **50% of the total project costs**. In addition, **A&R and Harkins provided working capital and assisted in establishing five new MBE Section 3 businesses**, including a security company, courier service, janitorial company, an employment services company and a construction food service. Continuing with this success, A&R/THC, LLC has committed a minimum of 50 Section 3 job opportunities during the revitalization project. During the first phase of demolition 4 residents were hired. During the construction of the Senior Housing a minimum of 8 residents will be hired. 2 residents have already been hired and an additional 6 will be hired as the Senior Housing construction moves forward.

We have negotiated and executed an unprecedented **First Source Agreement** (*copy attached*). with DOES. A&R/THC, LLC will use the East Capitol View Community Development Corporation (ECVCDC-TEA)Temporary Employment Agency as its first source for recruitment, referral and placement of new hires or employees for the new jobs created by this project. In the event that the ECVCDC-TEA cannot refer the qualified personnel requested in a 48 hour period , the employer will immediately contact DOES for recruitment, referral and placement of new hires or employees for the new jobs created by this project . This provides increased economic development opportunities for the ECV-CDC and also provides the greatest employment opportunities for East Capitol residents participating in the Community Supportive Services Program.

Future Planned Activities:

- Will coordinate, in cooperation with ECV-CDC, Job/Employment Fairs;
- Working with EVC-CDC to get referrals for construction employment and apprenticeship opportunities;
- Working with local National Association of Minority Contractors to gain access to their database of contractors;
- Working with Washington Metropolitan Minority Contractors Association, Inc. to gain access to their database of contractors;
- Utilizing listing from the City to make sure that we have access to the largest pool of LSDBEs;
- Will work with the Deputy Mayors Office for Planning and Economic Development and the Office of Local Business Development to coordinate Vendor Fairs and;
- Working with the Deputy Mayors Office for Planning and Economic Development and the Office of Local Business Development to create:
    - Affirmative Action Advisory Committee – to insure that all organizations are working together to make reporting process more simplified for sub-contractors;

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Employment Services

Office of Employer Services

Ms. Dana S. Henson
Vice President
The Henson Development Company, Inc.
A & R Development
P. O. Box 26469
Baltimore, MD 21207

APR 2 3 2003

Dear Ms. Henson:

Enclosed are your copies of the signed First Source Employment Agreements between the D.C. Department of Employment Services (DOES) and the following contractors:

1. A&R/THC, LLC
2. Harkins Builders, Inc.

Under the terms of the Agreement, you and your subcontractor have agreed to use the East Capitol View Community Development Corporation-Temporary Employment Agency (ECVCDC-TEA) to fill all new jobs created as a result of the New East Capitol View Hope VI project. However, if the ECVCDC-TEA cannot refer qualified referrals within a forty-eight (48) hour period, you are required to immediately list the position with DOES. In addition, at least 51% of the newly created jobs must be filled by D.C. residents, as well as, at least 51% apprentices and trainees must be District residents. Your contact person for listing job vacancies with DOES is Ms. Gerri Snowden, Account Executive, 2626 Naylor Road, SE, Washington, DC 20020. Ms. Snowden can be reached at (202) 645-5167 or gerri.snowden@dc.gov.

Also, enclosed is a Contract Compliance Form, which must be completed and submitted by you and your subcontractors each month. This form collects data on all new hires employed on the project. A DOES contract monitor will compare the information you provide on this form with your actual employment and payroll records. If you have any questions regarding the Contract Compliance Form, please contact Shirley McKoy at (202) 698-5772.

Thank you for participating in the First Source Employment Agreement Program, and we are looking forward to working with you.

Sincerely,

Susan O. Gilbert
Associate Director
Office of Employer Services

Enclosures

FIRST SOURCE EMPLOYMENT AGREEMENT

RECEIVED
DEC 27 2002

Contract Number: _____

Contract Amount: _____

Project Name: New East Capitol View (Capitol Gateway Estates _____

Project Address: East Capitol Street, SE Ward: 7

This Employment Agreement, in accordance with D.C. Law 5-93 and Mayor's Order 83-265 for recruitment, referral, and placement of D.C. residents, is between the District of Columbia, Department of Employment Services, hereinafter referred to as DOES, and A&R/THC, LLC,

hereinafter, referred to as EMPLOYER. Under this Employment Agreement, the EMPLOYER will use the East Capitol View Community Development Corporation (ECVCDC-TEA)Temporary Employment Agency as its first source for recruitment, referral and placement of new hires or employees for the new jobs created by this project. In the event that the ECVCDC-TEA cannot refer the qualified personnel requested in a 48 hour period , the employer will immediately contact DOES for recruitment, referral and placement of new hires or employees for the new jobs created by this project and will hire 51% D.C. residents for all new jobs created, as well, as 51% of apprentices employed in connection with the project shall be District residents registered in programs approved by the District of Columbia Apprenticeship Council.

I. General Terms

A. The EMPLOYER will use ECVCDC-TEA as its first source for the recruitment, referral and placement of employees.

B. The EMPLOYER will immediately contact DOES if ECVCDC-TEA cannot refer the qualified personnel requested within 48 hours.

C. The EMPLOYER shall require all contractors and subcontractors with contracts totaling $100,000 or more to enter into this First Source Employment Agreement with DOES.

D. DOES will provide recruitment, referral and placement services to the EMPLOYER subject to the limitations set out in this Agreement.

E. DOES participation in this Agreement will be carried out by the Office of the Director, with the Office of Employer Services, which, in addition to ECVCDC-TEA, isresponsible for referral and placement of employees, or such other offices or divisions designated by DOES.

F. This Agreement shall take effect when signed by the parties below and shall be fully effective for the duration of the contract and extension or modifications to the contract.

G. This Agreement shall not be construed as an approval of the EMPLOYER'S bid package, bond application, lease agreement, zoning application, loan or contract/subcontract.

H. DOES and the EMPLOYER agree that for purposes of this Agreement, new hires and jobs created (both union and nonunion) include all EMPLOYER'S job openings and vacancies in the Washington Metropolitan Area created as a result of internal promotions, terminations and expansions of the EMPLOYER'S workforce, as a result of this project, including loans, lease agreements, zoning applications, bonds, bids and contracts.

I. For purposes of this Agreement, apprentices as defined in D.C. Law 2-156, are included.

J. The EMPLOYER shall register an apprenticeship program with the D.C. Apprenticeship Council for construction or renovation contracts or subcontracts totaling $500,000 or more. This includes any construction or renovation contract or subcontract signed as the result of a loan, bond, grant, Exclusive Right Agreement, street or alley closing, or a leasing agreement of real

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property for 1 year or more. Contractors and subcontractors shall register an apprenticeship program with the D.C. Apprenticeship Council for construction or renovation contracts or subcontracts totaling $500,000 or more. The D.C. Apprenticeship Office will provide technical assistance and guidance to the EMPLOYER in developing apprenticeship standards and servicing their apprenticeship programs after certification of approval. The EMPLOYER is not responsible for setting up a new curriculum for the required classroom related or supplemental training. However, the employer is responsible for all tuition cost for their apprentices' related/supplemental training according to the D.C. Apprenticeship Rules and Regulations. Employers may utilize one (1) of the four (4) available providers for related/supplemental training: D.C. School of Apprenticeship, Montgomery College, The Bryant Adult Education Center and Associated Builders and Contractors (ABC) facilities. Other means of supplemental training may be used, provided it meets the approval of the Apprenticeship Council.

II. Recruitment

A. The EMPLOYER will complete the attached Employment Plan which will indicate the number of new jobs projected, salary range, hiring dates and union requirements. The EMPLOYER will notify ECVCDC-TEA first and then DOES of its specific need for new employees as soon as that need is identified.

B. Notification of specific needs, as set forth in Section II.A., must be given to DOES at least five (5) business days (Monday - Friday) 48 hours after request has been made to ECVCDC-TEA, and shall include, but need not be limited to, the number of employees needed by job title, qualification, hiring date, rate of pay, hours of work, duration of employment and work to be performed.

C. Job openings to be filled by internal promotion from the EMPLOYERS'S current workforce need not be referred to DOES for placement and referral.

D. The EMPLOYER will submit to DOES, prior to starting work on the project, the names, and social security numbers of all current employees, including apprentices, trainees and

laid off workers who will be employed on the project.

III. Referral

A. DOES will screen and refer applicants according to the qualifications supplied by the EMPLOYER.

IV. Placement

A. DOES will notify the EMPLOYER, prior to the anticipated hiring dates, of the number of applicants DOES will refer as agreed. DOES will make every reasonable effort to refer at least two qualified applicants for each job opening.

B. The EMPLOYER will make all decisions on hiring new employees but will in good faith use reasonable efforts to select its new hires or employees from among the qualified persons referred by ECVCDC-TEA and/or DOES.

C. In the event DOES cannot refer the qualified personnel requested, within five (5) business days (Monday - Friday) from the date of notification, the EMPLOYER will be free to directly fill remaining positions for which no qualified applicants have been referred. In this event, the EMPLOYER will still be required to meet the 51% goal.

D. After the EMPLOYER has selected its employees, DOES will not be responsible for the employees' actions and the EMPLOYER hereby releases DOES from any liability for employees' actions.

V. Training

DOES and the EMPLOYER may agree to develop skills training and on-the-job training programs; the training specifications and cost for such training will be mutually agreed upon by the EMPLOYER and DOES and covered in a separate Training Agreement.

VI. Controlling Regulations and Laws

A. If this Agreement conflicts with any labor laws or governmental regulations, the laws or regulations shall prevail.
B. DOES will work within the terms of all collective bargaining agreements to which the EMPLOYER is a party.

C. The EMPLOYER will provide DOES with written documentation that the EMPLOYER has provided the representative of any involved collective bargaining unit with a copy of this Agreement and has requested comments or objections. If the representative has any comments or objections the EMPLOYER will provide them to DOES.

VII. Agreement Modifications, Renewal, and Monitoring

A. If, during the term of this Agreement, the EMPLOYER should transfer possession of all or a portion of its business concerns affected by this Agreement to any other party by lease, sales, assignment or otherwise, the EMPLOYER as a condition of transfer shall:

1. Notify the party taking possession of the existence of the EMPLOYER'S Agreement.

2. Notify the party taking possession that full compliance with this Agreement is required in order to avoid termination of the project.

3. EMPLOYER shall, additionally, advise DOES within seven (7) days of the transfer. This advice will include the name of the party taking possession and the name and telephone of that party's representative.

B. DOES shall monitor EMPLOYER'S performance under this Agreement. The EMPLOYER will cooperate in DOES' monitoring effort and will submit a Contract Compliance Form to DOES monthly.

C. To assist DOES in the conduct of the monitoring review, the EMPLOYER will make available payroll and employment records for the review period indicated.

D. If additional information is needed during the review, the EMPLOYER will provide the requested information to DOES.

E. The EMPLOYER and DOES, or such other agent as DOES may designate, may mutually agree to modify this Agreement.

F. The project may be terminated because of the EMPLOYER'S non-compliance with the provisions of this Agreement.

Dated this 18TH day of DECEMBER 2002

Signed: Susan O. Gilbert

DEPARTMENT OF EMPLOYMENT SERVICES

SIGNATURE OF EMPLOYER

FOR A&R DEVELOPMENT CORP

FOR A&R/THC LLC

NAME OF COMPANY

650 Pennsylvania Avenue, S.E.
Washington, DC 20003

ADDRESS

202-546-9033

TELEPHONE

EMPLOYMENT PLAN

Instructions:

- Submit original to the Department of Employment Services (DOES) with First Source Employment Agreement.
- Upon approval of project by the originating agency, DOES will contact Employer.

NAME OF FIRM The Henson Development Company, Inc.

ADDRESS P.O. Box 26469, Baltimore, Maryland 21207

TELEPHONE NUMBER 410-654-1204 FEDERAL IDENTIFICATION NO. 52-2228999

CONTACT PERSON Dana S. Henson TITLE Vice President

TYPE OF BUSINESS Real Estate Development

ORIGINATING DISTRICT AGENCY _____

TYPE OF PROJECT _____ FUNDING AMOUNT _____

PROJECT START DATE _____ PROJECT DURATION _____

NEW JOB CREATION PROJECTIONS (Attach additional sheets, as needed.) Please indicate the new position(s) your firm will create as a result of this project.

	JOB TITLE	# OF JOBS F/T P/T	SALARY RANGE	UNION MEMBERSHIP REQUIRED NAME LOCAL #	PROJECTED HIRE DATE
A	Please see Contractors Listing				
B					
C					
D					
E					

CURRENT EMPLOYEES: Please list the names and social security numbers of all current employees including apprentices and trainees who will be employed on the project. Attach additional sheets as needed.

NAME OF EMPLOYEE	SOCIAL SECUIRTY
Daniel P. Henson, III	Employee # 0001
Dana S. Henson	Employee # 0002

Signature: _____ Date: 3-20-03

MEMORANDUM OF UNDERSTANDING

BETWEEN THE GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF LOCAL BUSINESS DEVELOPMENT AND
A&R DEVELOPMENT CORPORATION AND THE HENSON DEVELOPMENT COMPANY, LLC.

THE CAPITOL GATEWAY ESTATES PROJECT (CGE)

A&R Development Corporation and The Henson Development Company, Inc., LLC (A&R/THC, LLC) (the "Developer"), in accordance with ***D.C. Law 1-95 (as amended) D.C. Code Section 2-215.03 et seq. (2001 Ed.), the "Equal Opportunity for Local, Small and Disadvantaged Business Enterprises", and*** in consideration of the District of Columbia Government in approval of a consolidated Planned Unit Development **("PUD")** known as D.C. Zoning Commission **(Case No. 02-04 and 02-05)**; and Related Zoning Map Amendment to construct, and renovate a mixed used development known as the "New East Capital Senior Building" and redevelopment of variety of residential buildings, a community building and a commercial area located at 58th and Blaine Streets, N.E., in the Capitol View neighborhood in the eastern corner of the District of Columbia, in Square 5273, Lots 57 and 60-63; Square 5246, Lots 41-78; Square 5272, Lot 51; Square 5276, Lots 23-121; Square, 5277, Lots 22-23; Square 5279, Lots 52 & 53; Square 5280, Lots 99-114 and 118-204; and Square 5281, Lots 36-92, 96-98, and 101-139 (the **"PUD site")**, does hereby commit to make a bona fide effort to utilize local, small and disadvantaged business enterprises certified by the D.C. Local Business Opportunity Commission ("LSDBEs") in order to achieve, at a minimum, the goal of thirty-five percent **(35%)** LSDBEs participation in the Capitol Gateway Estates' Adjusted Development Budget of **$75.4 million** (the "35% Goal"). The 35% Goal in the amount of **$26.4 million** is to be achieved in connection with the development, construction, renovation and operation of the facility (including, but not limited to, the planning, design, excavation, site improvements, construction, and the provision of construction materials, equipment, supplies, professional services, janitorial and refuse collection services and all pre-and post-construction activities) for the project being created as a result of the PUD (the **"Project")**, in accordance with the following provisions.

A. **The Developer** shall utilize the resources of the Office of Local Business Development **("OLBD")**, including the Local Business Opportunity Commission's Directory of Certified Local, Small and Disadvantaged Business Enterprises, and periodic updates, as the primary referral sources for LSDBEs. The primary contact for such referrals shall be the Director of the Office of Local Business Development (the "Director").

B. The appropriate representatives of **the Developer** who negotiate, sign and are responsible for the implementation of the Memorandum of Understanding, agree to meet with **OLBD** officials to explore and develop ways for achieving the 35% Goal.

C. **The Developer** agrees to make a continuing bona fide effort to utilize LSDBEs for certain goods and services as may be required by **the Developer** to conduct its daily operations and understands that such efforts will accrue toward the 35% Goal.

D. Not later than fifteen **(15)** days after the execution of this agreement, **the Developer** agrees to submit to **OLBD** an LSDBE Business Plan (Attachment A) for approval, which plan shall be incorporated in and made a part of the agreement.

E. Not later than fifteen **(15)** days following the approval of an application for a building permit pursuant to approved PUD, **the Developer** will submit to **OLBD** a more extensive plan listing all of the projected procurement items, bid opening and closing dates, and start-up and completion dates. This plan should indicate whether any items will be bid without restriction in the open market, or limited to LSDBEs certified by the Local Business Opportunity Commission.

F. The parties hereto understand and agree that the means of achieving the 35% Goal may vary according to the types of goods and services contracted for and the current availability of Certified LSDBEs. However, **the Developer** agrees to make a bona fide effort to achieve, at a minimum, the 35% Goal.

G. **The Developer** further agrees to submit Monthly Certified LSDBE contracting and subcontracting reports to **OLBD** no later than fifteen **(15)** days after the end of each month; the monthly report periods shall begin in November, 2003. The Monthly report shall be submitted on a form provided by **OLBD (Attachment B).** The reports should include detailed documentation of outreach efforts to LSDBEs in order to determine bona fide efforts. The reports will be submitted when the project is in the bidding stage of the development.

H. **The Developer** agrees to meet monthly with **OLBD** staff on a mutually agreeable schedule to discuss LSDBEs participation during construction and renovation phase of the project.

I. **The Developer** further agrees to include in the terms of its contractual agreements with the general/prime contractor and/or construction manager

(in any of such events, the "Contractor"), language that will put the Contractor on notice that the Contractor is expected to make a bona fide effort to achieve the 35% Goal in (1) its own contracting with respect to the Project and (2) engaging subcontractors to perform work on the Project.

J. **The Developer** will publish, in a timely manner, a public notice in a newspaper of general circulation in the District of Columbia and in one or more other newspapers serving the District of Columbia local and disadvantaged business community, to inform the business community as a whole of the overall project, including a general description of projected phases and anticipated time tables.

K. For purposes of this agreement, it is agreed that bona fide effort means that **the Developer** will obtain the following commitments from its General Contractor (**"GC"**):

1. The GC will publish a public notice in a newspaper of general circulation in the District of Columbia and in one or more other newspapers serving the District of Columbia local and disadvantaged business community, designed to inform the business community as a whole of specific contracting and subcontracting procurement opportunities.

2. The GC will publish public notices in a newspaper of general circulation in the District of Columbia and in one or more other newspapers serving the District of Columbia local and disadvantaged business community, soliciting bids for products or services being sought, and will allow a reasonable time for all bidders to respond to invitations/requests for bids.

3. The GC will contact **OLBD** to obtain a current listing of all LSDBEs qualified to bid on major procurement as they arise.

4. The GC will review all bids with bidders pre-qualified by **the Developer** and the **GC**, including LSDBEs, to obtain each bidder's best and final price as understood in the marketplace.

5. The GC will not require that LSDBEs provide bonding on contracts with a dollar value less than **$100,000,** provided that in lieu of bonding the GC may accept a job specific certificate of insurance.

6. The GC will design and include in all contracts and subcontracts process for dispute settlement. This process shall incorporate an

opportunity for the presentation of documentation involving the work performed and invoices regarding requests for payments. Included in the contract shall be a mutually agreed upon mediator or provisions for arbitration in accordance with the rules of the **American Arbitration Association.**

7. The GC and subcontractors shall strictly adhere to their contractual obligations to pay all subcontractors in accordance with the contractually agreed upon schedule for payments. In the event that there is a delay in payment to the general contractor, he is to immediately notify the subcontractor and advise as to the date payment will be received by the subcontractor.

8. The GC commits to pay all subcontractors, including LSDBEs, within fifteen **(15)** days following the GC's receipt of a payment, which includes funds for such subcontractors from **the Developer. The Developer** agrees to require the project manager to establish a procedure for giving notice to the subcontractors of **the Developer** payments to the GC.

L. If at the end of the first reporting month following the issuance of a building permit, **the Developer** is unable to comply with the proposed LSDBE utilization plan for the Project, representatives of **the Developer** and the Director of **OLBD** shall confer with a view toward adjusting goals and strategies to extend the time of performance based on facts and circumstances.

This Memorandum of Understanding shall be construed in accordance with the laws of the District of Columbia.

AGREED TO AND EXECUTED THIS DAY 10th **OF** March **, 2003.**

OFFICE OF LOCAL BUSINESS DEVELOPMENT

BY: _____
JACQUELYN A. FLOWERS
DIRECTOR

A&R/THC, LLC

BY: _____
DANIEL P. HENSON, III
PRESIDENT, THE HENSON DEVELOPMENT COMPANY, INC.



CAPITOL GATEWAY ESTATES

-District of Columbia Housing Authority

-A&R Development Corporation

-The Henson Development Company

-Grimm + Parker Architects

-Bryant, Bryant & Williams

-Ben Dyer Associates, Inc.

-The Edgecombe Group, Inc.

Capital Gateway Estates PUD

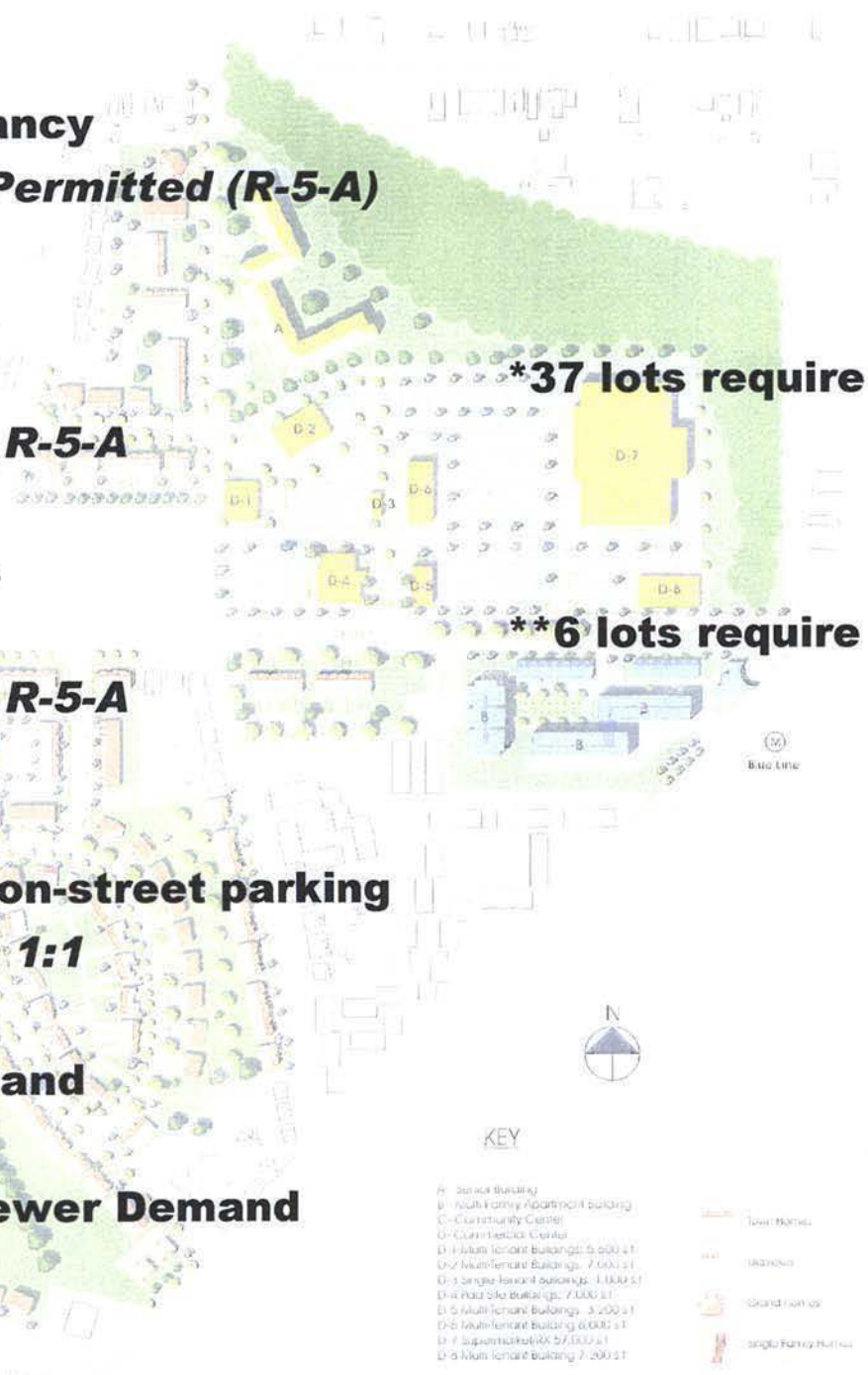
Tabulation of Development Data

Zoning Commission Case No. 03-03/02-05

Total PUD Site Area	**802,811 s.f (18.43 Acres)**
Required Minimum for PUD (R-5-A)	***2.0 Acres***
Gross Floor Area (GFA)	**477,076 s.f.**
Community Center Area	**15,600 s.f.**
Floor Area Ratio (FAR)	**0.59 FAR**
Permitted – R-5-A	***1.0 FAR (PUD)***
Building Height	**From 29.5' to 41'**
Permitted – R-5-A	***50' (PUD Order)***
Lot Width Provided	**20' Minimum**
Lot Area Provided	**Ave. Lot Size: 3,538.4 s.f.**
Min. Lot Width & Area	***As prescribed by Zoning Commission***



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Lot Occupancy	**27.55%**
Maximum Permitted (R-5-A)	***40%***
Side Yards	**8' ***
***37 lots require variance (2' - 8')**	
Standard – R-5-A	***8'***
Rear Yards	**20' ****
****6 lots require variance (15' - 19')**	
Standard – R-5-A	***20'***
Parking	**226 spaces**
Additional on-street parking	**191 spaces**
Required @ 1:1	***226 spaces***
Water Demand	**42,840 gallons/day**
Sanitary Sewer Demand	**29,988 gallons/day**

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KEY

A- Senior Building
B- Multi Family Apartment Building
C- Community Center
D- Commercial Center
D-1 Multi-Tenant Buildings; 5,600 s.f.
D-2 Multi-Tenant Buildings; 7,000 s.f.
D-3 Single Tenant Buildings; 1,000 s.f.
D-4 Pad Site Buildings; 7,000 s.f.
D-5 Multi-Tenant Buildings; 3,200 s.f.
D-6 Multi-Tenant Building 6,000 s.f.
D-7 Supermarket/RX 57,000 s.f.
D-8 Multi-Tenant Building 7,200 s.f.

Town Homes

Duplexes

Grand Homes

Single Family Homes

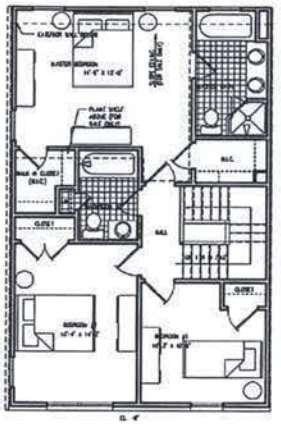
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TOWN HOMES

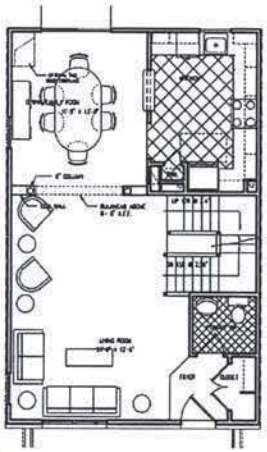
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ARCHITE



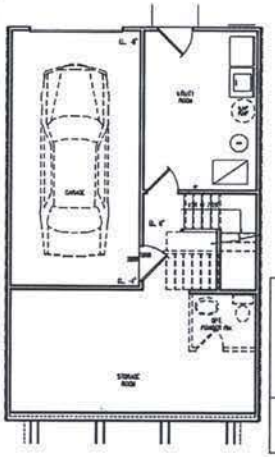
FRONT ELEVATION



SECOND FLOOR



FIRST FLOOR



TERRACE LEVEL

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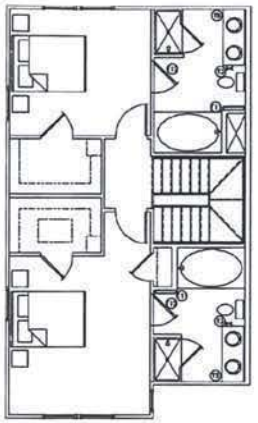


DUPLEXES

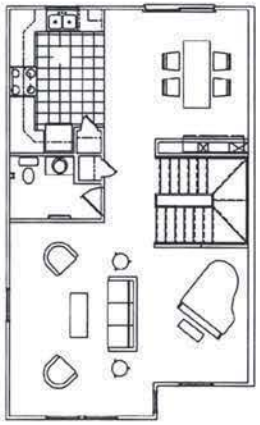
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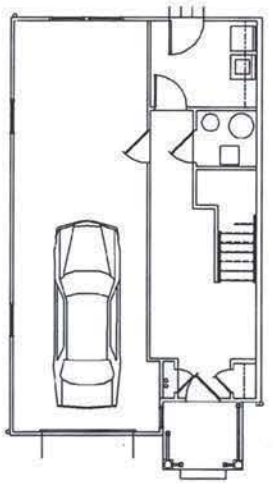
FRONT ELEVATION



SECOND FLOOR



FIRST FLOOR



ENTRY LEVEL

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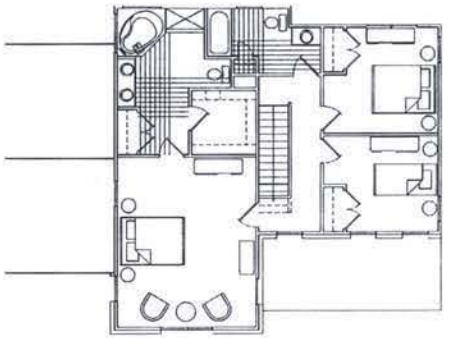


SINGLE FAMILY HOMES

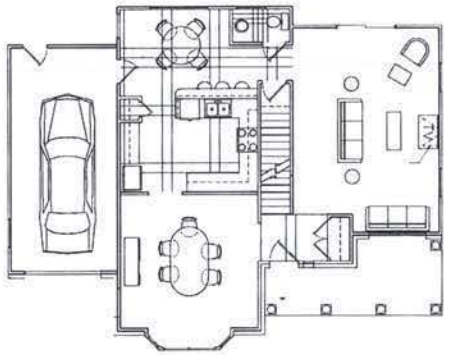
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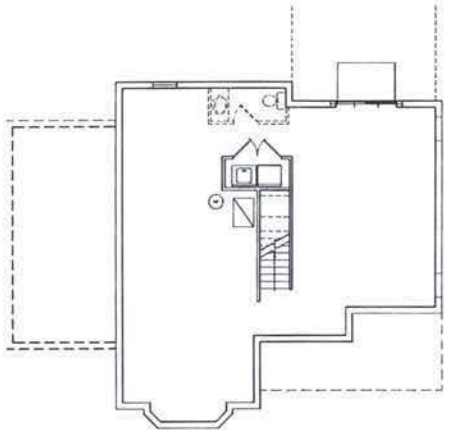
FRONT ELEVATION



SECOND FLOOR



FIRST FLOOR



BASEMENT LEVEL

GRIMM + PARKER
ARCHITECTS

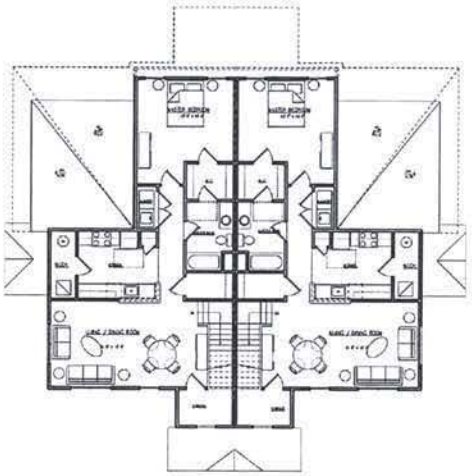


GRAND HOMES

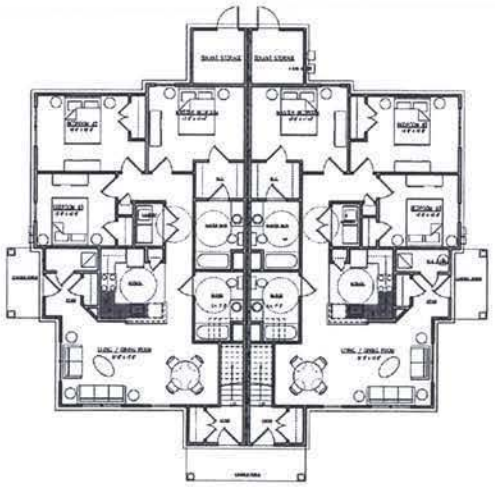
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ARCHITECTS



FRONT ELEVATION



SECOND FLOOR



FIRST FLOOR

GRIMM+
PARKER
ARCHITECTS

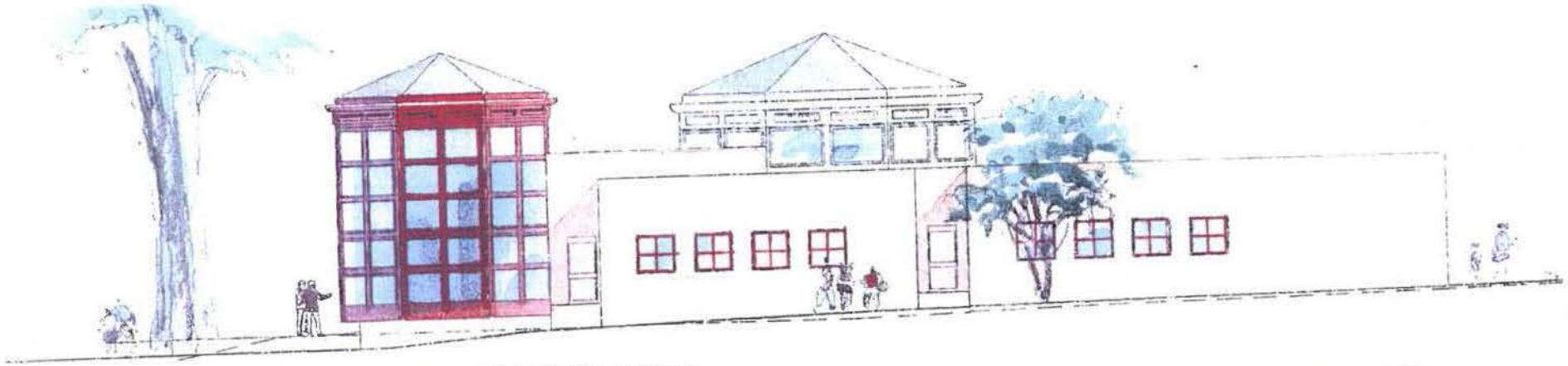


COMMUNITY CENTER

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NORTH ELEVATION



WEST ELEVATION

bbw

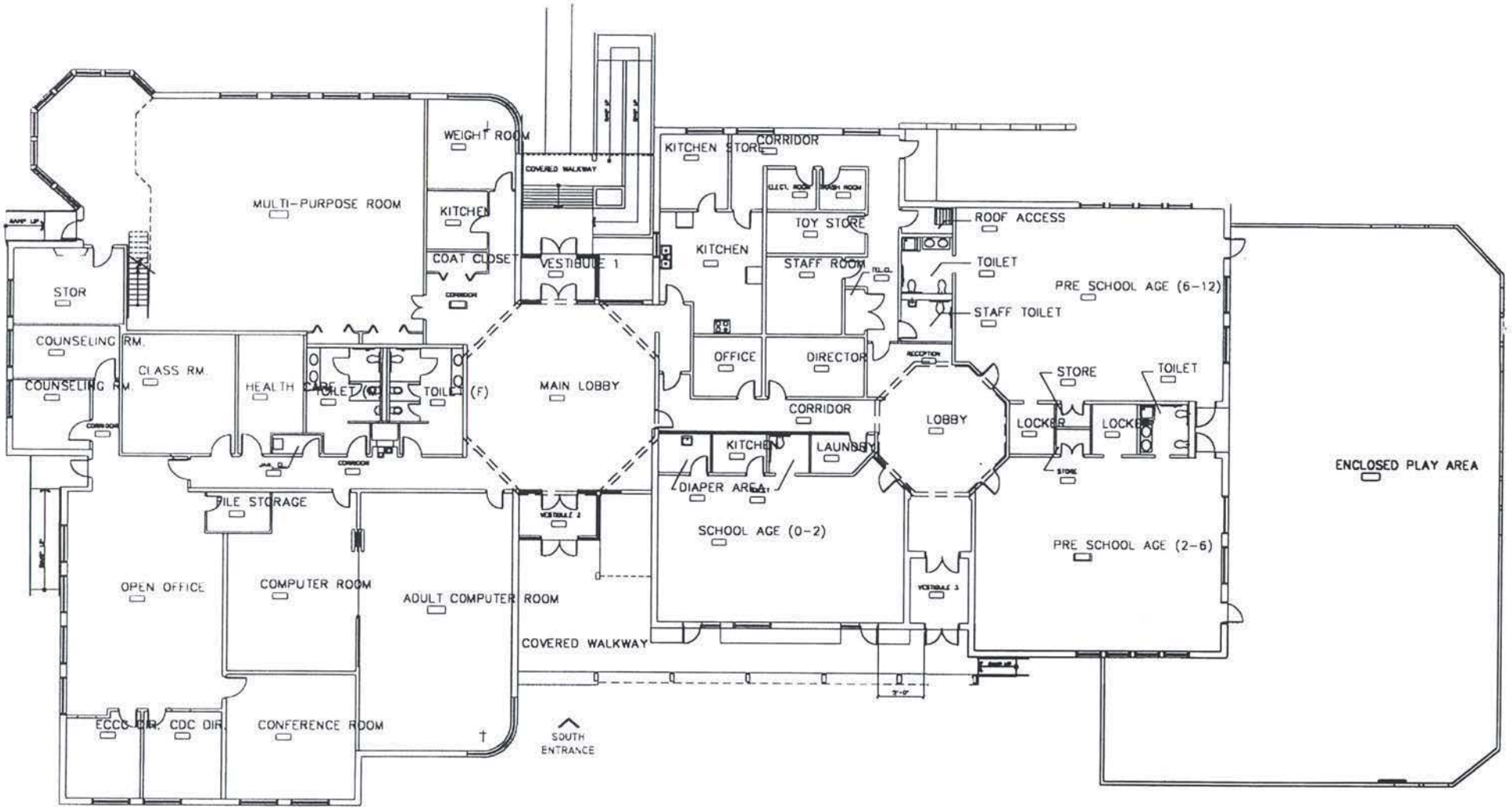


VIEW FROM EAST CAPITOL STREET



NORTH ENTRANCE VIEW

bbw



FLOOR PLAN

bbw



Landscape Design Plan Overview

- Purpose
- Residential Areas
- Community Center
- Playground
- Public Streetscape
- Site Plan Elements
- Summary of Landscape Elements

LANDSCAPE DESIGN

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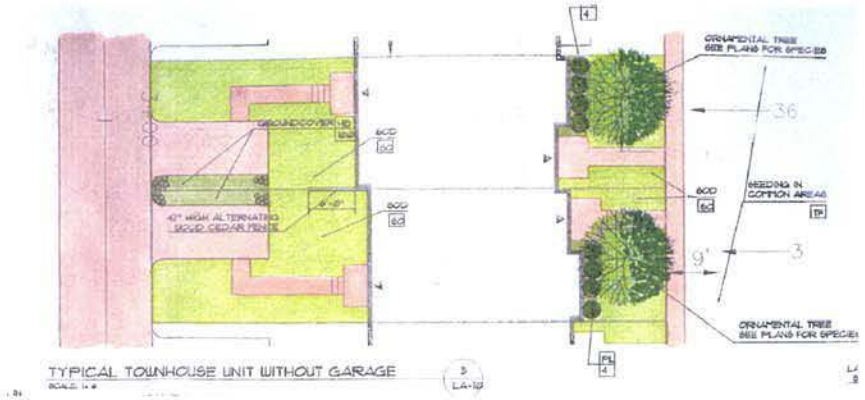
Purpose of Landscape Plan

- Assess Existing Site Conditions
- Preservation vs. Replacement
- Provide Project-wide Landscape Design Standardization and Performance Controls
- Foster a sense of visual unity
- Provide Horticultural Consulting
- Work in unison with Project Architects

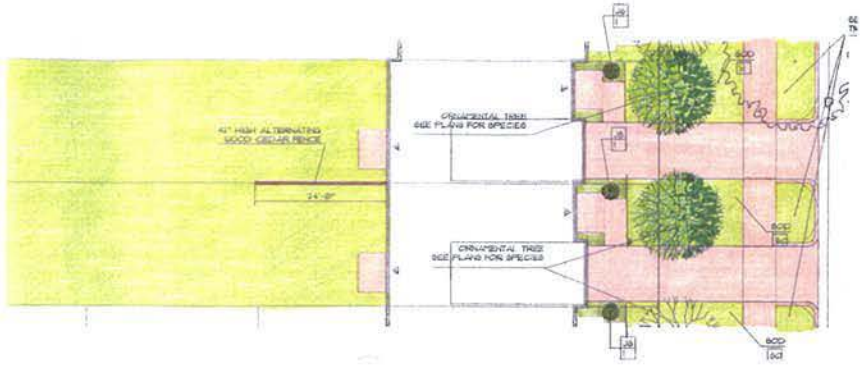


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Landscaping Prototypes -Townhouse



Townhouse Unit without Garage



Townhouse Unit with Garage



Common Lilac



Ground Cover



Spirea



Star Magnolia

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Landscaping Prototypes - Duplex



Dogwood



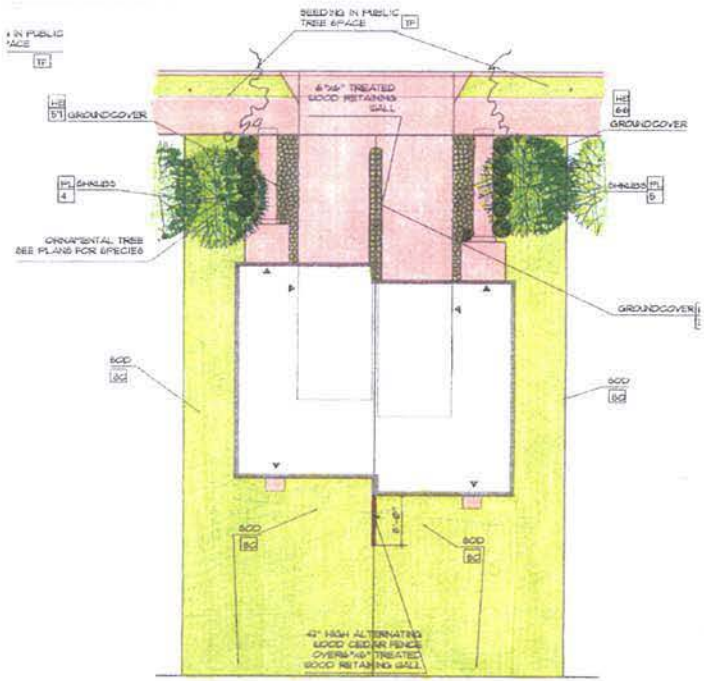
Ground Cover



Weeping Cherry



Hydrangea



Duplex Unit with Garage

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Landscape Prototype - Single Family





Honey Locust



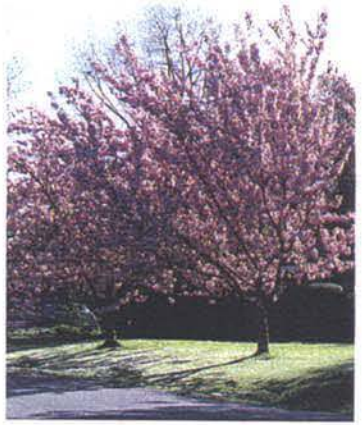
Shore Junipers



Rhododendrons



Spirea



Kwansan Cherry

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Community Center - Landscapes



Site Plan



Arborvitae Landscape Screen



Ground cover in areas
Adjacent to Parking

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Community Center - Hardscapes



Site Plan



Stamped Concrete



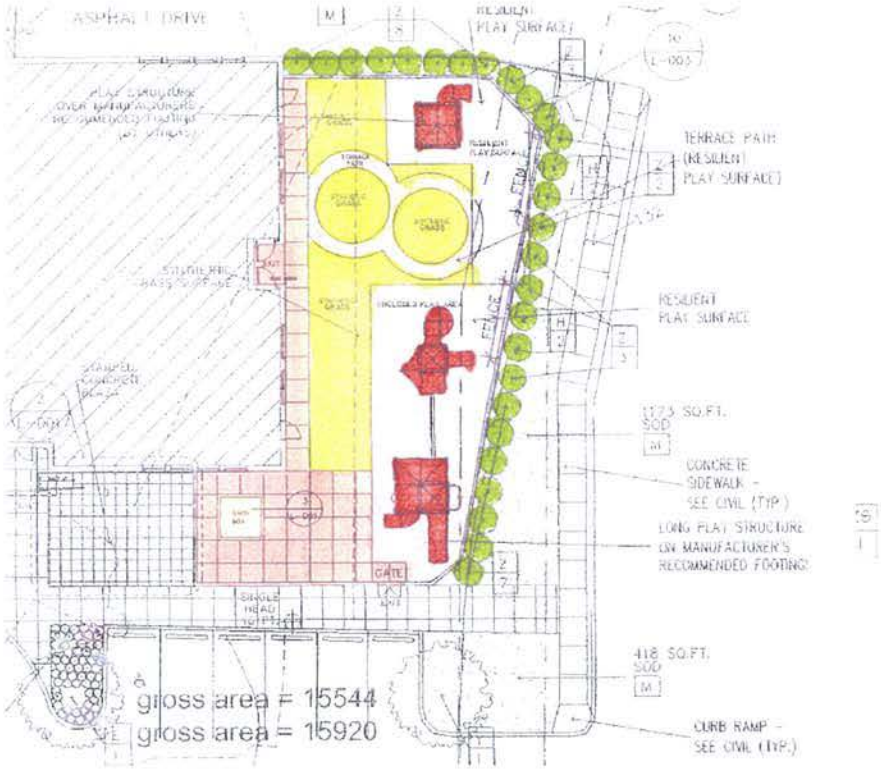
Spot Lighting



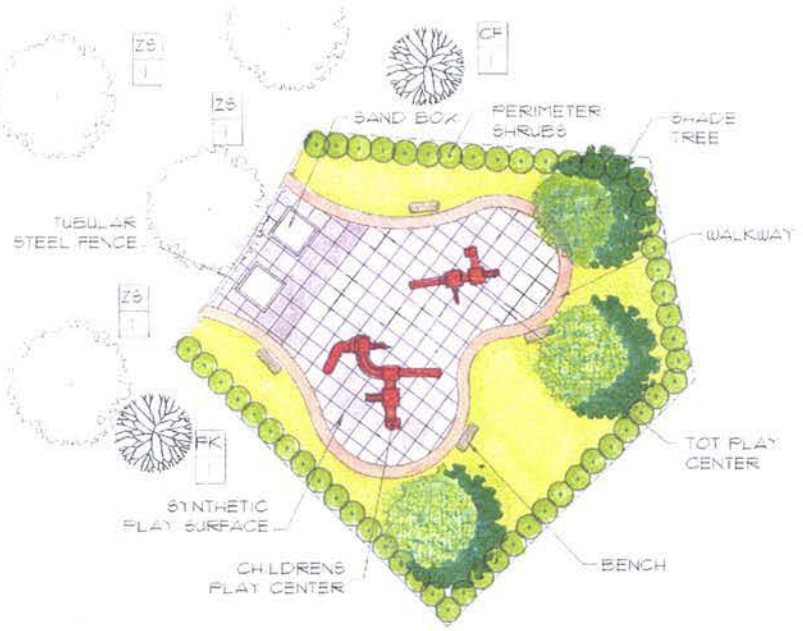
Illuminated Bollard

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Playground – Site Plan



Playground at Community Center



Playground at 57th Street

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Playground Equipment





Tubular Steel Fencing with Perimeter Landscaping





Wood Park Bench

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Public Streetscape Standards

- Newly introduced species must be approved by D.C. Urban Forestry Admin.
- Shade trees should planted 35-45 feet apart where no overhead wire exists.
- Ornamental trees should be planted 23-25 feet apart with a height limitation of 18 feet.
- Trees shall maintain adequate distances from driveways, fire hydrants, street lights, and signs.



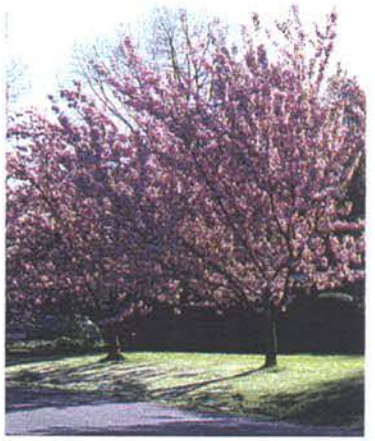
Japanese Zelkova



Pin Oak



Homestead Elm



Kwansaan Cherry

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Site Plan Elements



Wood Retaining Walls



Wood Fence



Site Lighting



Steel Ribbon Bench



Steel Ribbon Litter Receptacle



Brick Paving in Limited Areas for Accenting

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Summary of Landscape Elements

Plant Elements

- Shade trees
- Ornamental trees
- Specimen trees
- Large shrubs
- Foundation shrubs
- Perennials
- Ground cover
- Turf Grass

Construction Elements

- Retaining walls
- Fencing and gates
- Bollards / Lighting
- Paving Materials
- Slopes and Berms
- Stairs and Ramps
- Site Furnishing
- Special Equipment

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