ZONING COMMISSION CASE NO. 04-11
ROCKY GORGE AT FORT TOTTEN
EMERSON STREET, NE

The Subject Property is located within the Fort Totten Metrorail Station Housing Opportunity Area. As such, and notwithstanding the underlying industrial zoning classification of a portion of the site, the Subject Property has been identified in the Comprehensive Plan as a preferred location for the production of new housing opportunities for District residents. Furthermore, as set forth in the Housing Element of the Comprehensive Plan, the production of new housing is to be encouraged on suitably located public or private properties that are vacant, surplus, underutilized, or unused. The Applicant's proposal to construct 75 townhouses on the Subject Property, which includes an abandoned concrete plant, and in close proximity to the Fort Totten Metrorail station, is in keeping with the directives of the Comprehensive Plan as well as the District's Transit-Oriented Development policy.

Among the District's housing priorities is the provision of quality residential product for those District residents whose household incomes fall below metropolitan area median income levels, including such public servants as teachers, policemen, firemen, and local government employees. These and other professionals so integral to the community often find themselves priced out of much of the new residential construction that has come on-line during the District's recent housing boom. To this end, the District has instituted certain affordable housing thresholds for projects involving street or alley closings or involving zoning changes which result in increased commercial density.

While the Applicant's project involves neither an application to close any street or alley nor a zoning change in order to increase the permitted commercial density, the Applicant nonetheless respects and applauds the District's efforts to increase housing opportunities that are affordable to the District's workforce households. In fact, the Applicant has targeted households within one to three miles of the Subject Property as a primary market for its Emerson Street townhouse development. This target market includes a significant percentage of workforce households, many of which currently rent rather than own their residences. At the same time, the Applicant has remained mindful of the desires and concerns raised by neighboring property owners to keep the density of the project low and consistent with surrounding properties and to minimize any traffic congestion.

Through this balancing of priorities, the Applicant has arrived at a superior residential project that it believes will be affordable to a significant number of workforce households living in or near Ward 5 who desire to own and occupy quality new construction located in close proximity to public transportation. At the same time, the townhouse community will blend in well with neighboring housing stock, vastly improve the existing debris-strewn condition of the Subject Property, and ensure a significant reduction in traffic, especially truck traffic.

Despite the flurry of residential projects in other parts of the District, Ward 5 has not witnessed significant residential development activity over the course of the past several years.

ZONING COMMISSION
District of Columbia
Case 04-11
Exhibit 36
ZONING COMMISSION
District of Columbia
CASE NO.04-11
EXHIBIT NO.36

Given the lack of residential development investment in Ward 5, there is little indication as to the vitality of this market in terms of housing sales. Nonetheless, as a result of its due diligence and project development studies, the Applicant believes that it can reasonably introduce its 18' x 36', 2-3 bedroom, 1-car garage townhouses and 20' x 40' 3 bedroom, 2-car garage townhouses to the market at a range of approximately $380,000 to $410,000. This projection of preliminary pricing is based on a finished lot cost of $140,000 to $150,000/lot, direct construction costs of $50 to $60/sf and an appropriate margin to cover soft costs and return on investment. On a gross square foot basis, these prices equate to a range of $170 to $195 per gross square foot. By comparison, in the general area of the Subject Property, sales of existing houses, most of which are over 60 years old, have been in the range of $150 per square foot. Clearly, this is a different target market than the downtown condominiums which sell for $400 or more per square foot. As demonstrated in Attachment A, such a unit should be affordable to a number of those households in the $80,000+ range, which are considered median (if not moderate) income households in the metropolitan area, depending on interest rate levels and available down payments by prospective purchasers.

Obviously, the Applicant is hopeful that the project proves to be a commercial success. In that instance, the Applicant would of course allow the market to determine the ultimate sales prices for the various units. Nonetheless, given its experience and research in the immediate vicinity, the Applicant believes its primary market will ultimately be local workforce households, those looking to own rather than rent, those looking for larger/newer homes, and those looking to utilize public transportation rather than a lengthy commute. In any event, as part of its package of community benefits in support of the PUD application, the Applicant will commit to restrict the sales of two of its 18' x 36' units to households which are determined by the District to qualify as low to moderate income households. The Applicant offers to accomplish this pursuant to the terms generally set forth in Attachment B.

The Applicant is extremely proud of its proposal and excited to contribute to the current residential building boom in the District. Moreover, the Applicant is pleased to be spreading the benefits of this residential boom outside the downtown area and into Ward 5, and to be fulfilling the District's goal toward Transit-Oriented Development.

DRAFT **Attachment A**

Emerson Park
Market Rate Housing Financial Analysis

12-Nov-04

Unit Size (approximate)	1950 s.f	2400 s f
Bedrooms	3	3
Loan Program	Fix Rate Non-Conforming, 30-year term	Fix Rate Non-Conforming, 30-year term
Interest Rate	5 500%	5 500%
Debt Constant	6 81%	6.81%
Taxes	$ 3,500	$ 3,800
Insurance	$ 1,000	$ 1,200
Target Sales Price	$ 380,000	$ 410,000
Loan to Value	95.0%	95 0%
Loan Amount	$ 361,000	$ 389,500
Principal and Interest (monthly)	$ 2,049	$ 2,210
Taxes Monthly	$ 292	$ 317
Insurance Monthly	$ 83	$ 100
HOA Monthly	$ 25	$ 25
Mortgage Payment	$ 2,449	$ 2,652
Monthly Gross Income Requried (35% available for payment)	$ 6,996	$ 7,577
Annual Gross Income Requried	$ 83,955	$ 90,928

ATTACHMENT B

Emerson Park Townhouse PUD
Zoning Commission Case No. 04-11
Washington, DC
Summary of Affordable Housing Program
November 2004

Size:	Applicant commits to provide 2 townhouse units within the PUD project for Affordable Housing as defined in the DC Zoning Regulations and detailed herein (Affordable Units). It is expected that each Affordable Unit will be approximately 18' wide, 36' deep, and 3-stories, containing approximately 1,950 gross square feet including its garage.
Unit Configuration:	The size and configuration of the Affordable Units shall be in keeping with the market rate units of the same dimensions, as established in the final plans approved by the Zoning Commission.
Unit Price:	The initial Affordable Unit Price will be determined consistent with the method illustrated on Exhibit A.
Certification of Eligibility:	Eligible buyers - for both initial purchases and for resale - are defined as those households that meet the following criteria: • Having household income not exceeding eighty-five percent (85%) of the median family income (MFI) for the Washington, DC Metropolitan Statistical Area (estimated at $85,400 by US HUD for Fiscal Year 2004); • Purchasing their primary residence; • Have no ownership interest in any other housing; • Commit to continuous owner occupancy; and • Must also qualify for the necessary home mortgage and fund the required down payment. Potential homebuyers can be certified for income-eligibility by making application to the home purchase assistance programs of the Department of Housing and Community Development (DHCD). Certification shall make households eligible for selection by lottery (see below).
Selection of Buyers:	DHCD shall hold a lottery of all qualified families to be selected as the initial Affordable Unit purchasers. DHCD will provide

	notice of the lottery through advertisements in local newspapers and other reasonable vehicles to ensure broad exposure to potentially eligible purchasers. DHCD will also advise existing applicants to its home purchase assistance programs of this affordable housing opportunity. The initial Affordable Unit purchasers and the initial Unit Price shall be determined six months prior to the projected completion of the Affordable Units.
Restriction on Sale Affordable Units:	The Affordable Units will be restricted (through a deed restriction, covenant and/or other legal means) in their resale for a period of 20 years to: (1) income-eligible homebuyers (a list of whom may be obtained from the DHCD's applicant pool for home purchase assistance programs); (2) a maximum Purchase Price equal to the initial Unit Price plus the cumulative change in the consumer price index and the cost of permanent improvements to the Affordable Unit; and (3) sale within a given 20-year affordability restriction period shall create a new 20-year affordability restriction period.
Sale After Restriction Period:	Upon the expiration of the 20-year restricted selling period, the then current owner of the Affordable Unit may sell said Affordable Unit without restriction but the sales proceeds shall be allocated as follows: First, to the seller in the amount of his original sales price plus the cumulative change in the consumer price index, the cost of permanent improvements to the Affordable Unit and a reasonable sales commission. The remainder shall be split equally between the seller and a District of Columbia government fund dedicated to the provision of affordable housing

DRAFT **Exhibit A to Attachment B**

Emerson Park
Affordable Housing Financial Analysis
12-Nov-04

Unit Size (approximate)		1950	s f (including garage)
Bedrooms		3	
Loan Program		Fix rate, 30-year term	
Interest Rate		5.500%	
Debt Constant		6 81%	
Taxes	$	3,000	
Insurance	$	900	
Down Payment		5 0%	
Median Household Income*	$	85,400	Year 2004
85% of Median Income	$	72,590	
Available for mortgage, taxes, insurance, and HOA (35%)	$	25,407	
Available Monthly	$	2,117	
Taxes Monthly	$	(250)	
Insurance Monthly	$	(75)	
HOA Monthly	$	(25)	
Mortgage Payment	$	1,767	
Debt Constant		6.81%	
Mortgage Loan	$	311,402	95%
Deposit	$	16,390	5%
Sales Price	$	327,792	

* HUD Median Household Income for the Washington Metropolitan Statiscal Area
At time of sale Developer reserves the right to "buy down rate" to 5.50% or reduce the sales price as required for buyer to qualify for the mortgage under the other perameters stated