



Pillsbury
Winthrop
Shaw
Pittman LLP

June 30, 2005

Carol J Mitten
Chair, District of Columbia Zoning Commission
441 4th Street, N.W
Suite 210
Washington, DC 20001

**Re: Case No. 04-18: Proposed Mount Vernon Triangle ("MVT") Subarea
of the Downtown Development ("DD") District – Impact on
Development of the Former Wax Museum Site – Hearing Scheduled
for June 30, 2005**

Dear Ms Mitten

We are writing on behalf of L5K, LLC ("L5K"), the developer selected by the National Capital Revitalization Corporation ("NCRC") to develop Square 515, Lot 158, at 5th and K Streets, N W (the "**Subject Property**") with a mixed-use project, including residential, retail and parking (the "**Project**") This property is more commonly known as the "old Wax Museum site" The Zoning Commission (the "**Commission**") determined at its July 12, 2004 meeting to set this proposal for hearing The hearing date has been scheduled for June 30, 2005

As acknowledged by the Commission at setdown on July 12, 2004, the proposed overlay is both complicated and confusing¹ Several provisions of the proposed overlay pose a serious impediment to the successful completion of the Project Other design provisions are perhaps theoretically achievable, if L5K were starting from scratch, but the Project design is currently well underway and approved by NCRC through several approvals as dictated by agreements between NCRC and L5K, including the Exclusive Right Agreement ("ERA") and the Land Disposition and Development Agreement ("LDA") that govern the Project. As discussed below, we have attached a detailed memorandum from the Project architect noting all of the various differences between the currently approved design of the Project and the provisions of the proposed MVT overlay Under the "set down" rule (§ 3202 5(b) of the Zoning Regulations) an application for a building permit may be processed only in accordance with the most restrictive zone classification being considered As a result, the Project could be placed in jeopardy Therefore, the timely resolution of these issues is critical to the viability of the Project and, likely the creation of a successful MVT subarea, since the Project will be such a catalytic force there.

¹ Hearing Transcript at 57, 64-65 (Attached as Exhibit A)

**ZONING COMMISSION
District of Columbia**

CASE NO. 04-18
ZONING COMMISSION
District of Columbia
EXHIBIT NO. 17
CASE NO. 04-18
EXHIBIT NO. 17

For the reasons provided herein, we respectfully request that the Commission, should it proceed with the MVT overlay, specifically exempt the Subject Property from any of its provisions and issue a revised hearing notice to that effect. We note that Section 1724.1 of the proposed legislation² specifically exempts the Subject Property from the proposed height restriction. The Office of Planning's July 9, 2004 updated report ("OP Report") on the proposed "Text and Discussion" (at page 8) stated that "square 515 is exempt from this requirement. This square is already covered by the ERA for the disposition of the Wax Museum site." A similar logic should be applied to the remainder of the overlay restrictions. Should the Commission determine not to exempt the Subject Property from the MVT overlay, we ask that the Commission modify the overlay as outlined in this letter and the attached letter from Torti Gallas (Exhibit B) and issue a revised hearing notice to that effect.

Background

The Subject Property has had a long, relatively rocky history. It has been vacant for many years. As testimony to the difficulty inherent in developing the Subject Property, it has been the subject of three (3) different Requests for Proposals ("RFPs") issued by the RLA Revitalization Corporation ("RLARC"), a subsidiary of NCRC, and its predecessors. The original two (2) selected developments did not proceed. The third RFP to develop the site was issued on July 7, 2003. After numerous submissions and presentations, L5K was selected on February 26, 2004 (Press release attached as Exhibit C). NCRC and L5K have subsequently executed an ERA which is currently in effect and governs the development of the Subject Property, including the review and approval of the plans. L5K has also been working closely with the Office of Planning in terms of its plans for the Project.

The NCRC and L5K have also negotiated the LDA. On May 26, 2005, L5K and NCRC received the approval of the NCRC Board of Directors on the LDA at a public hearing. The LDA, in combination with the ERA, requires specific approvals and development parameters. L5K has already received approvals of the First Submission and Second Submission (as defined in the LDA) and, therefore, the design of the Project and Subject Property has been finalized. Significant work and expense has gone into such approved plans.

Review of Proposed Overlay and Impacts on Wax Museum Redevelopment

General Concerns

Section 1721 governs Office of Planning review. As written, Section 1721.1 would apply to any application for a building permit or certificate of occupancy within the Mount Vernon Triangle District. There are no specified thresholds or minimum requirements for review. Further, under Section 1721.2, even for a minor building permit application, the Office of Planning has sixty (60) days after receipt of the application to provide the Zoning Administrator with an evaluation of compliance with the District.³ Even more troublesome, the Zoning

² All statutory references herein are to the proposed legislation unless otherwise stated.

³ The Office of Planning's July 9, 2004 report's Proposed Text and Discussion Notes that OP review is
Footnote continued on next page

Administrator cannot act for another fifteen (15) days. There appears to be no rationale for holding up an approval for 15 *additional* days after OP has determined compliance with the District. The building permit or certificate of occupancy should be issued when ready

Use Restrictions (Section 1732)

The proposed overlay (Section 1732.1(a)) places the corner of the Subject Property at 5th and K Streets, N W., within the “Special Entertainment Use Area ” (See Exhibit D) The Special Entertainment Use Area would establish severely restrictive use provisions for the ground floor of the development The entire remaining site frontage on 5th and K Streets, N.W , is located within the “Primary Use Area,” so that all of the 5th and K Street frontages are governed by the most restrictive use areas of the overlay. (See Exhibit D)

The Effective Date of the Regulations

Under Section 1733, certain use restrictions apply from the effective date of the proposed regulations. Under Section 1733.2, no less than fifty percent (50%) of the gross floor area of the ground floor must be devoted to the “preferred uses” of Sections 1732.2, 1732.3, or 1732.4.⁴ The preferred uses in Sections 1732.2 and 1732.3 are typical retail and services uses and pose no impact on the development as long as there is a market for such uses. However, the uses listed in Sections 1732.2 and 1732.3 are *interim uses* only. Under Section 1732.5, absent Board of Zoning Adjustment (“BZA”) approval, no such interim uses may be established *or continued* for more than five years after the Zoning Administrator publishes a notice in the *D C Register*⁵ that certificates of occupancy for 3.5 million⁶ square feet of new space have been issued within the defined MVT area. At that point, within the Special Entertainment Use Area *only* Section 1732.4 uses are permitted: restaurant, bookstore (including restaurant), cabarets, and drinking

Footnote continued from previous page

important “[b]ecause of the complexity of the Overlay ” (at page 3)

⁴ Certain conditions apply: (1) no more than thirty (30) percent of the requirement may be met by financial institutions; (2) the net leaseable area occupied by the preferred uses shall be no less than eighty (80) percent of the gross floor area allocated to these uses, and (3) up to 1,000 square feet of the sidewalk or atrium area of an unenclosed sidewalk café may count towards the requirement, if operated by a restaurant on the same lot. *Question: How can square footage in public space be counted as meeting zoning requirements within the building?*

⁵ We do not address the capacity of the Zoning Administrator to certify the 3.5 million trigger, but we do note the ongoing issues with respect to similar use restrictions on the amount of restaurants in Cleveland Park and elsewhere. Further, we note that Ms. Mitten at setdown did question how the Zoning Administrator was going to keep track of the 3.5 million square feet. Transcript at page 65. (See Exhibit A.)

⁶ *Question: What happens if a relatively large user shuts down and the “trigger point” drops below 3.5 million square feet. Is the Zoning Administrator required to make another determination?*

places. All Sections 1732.2 and 1732.3 uses must somehow be discontinued *if* they were established. Clearly, any such Section 1732.4 use will extend beyond the 36-foot area making the net impact of this restrictive use provision even larger. Special exception relief for one five-year extension period only is provided in Section 1732.7, regardless of the circumstances justifying additional BZA relief.

Furthermore, after the trigger point is reached, the larger Primary Use Subarea limits the potential uses to Section 1732.2 uses, which means that any Section 1732.3 uses must be terminated *if* they were established. The Primary Use Subarea occupies all of the remainder of the Wax Museum's K Street (and 5th Street) frontage not covered by the "Special Entertainment Use Area." (See Exhibit D.) Therefore, the Subject Property is burdened with all of the use restrictions under the overlay.

Section 1732.3 uses, although normally associated with vibrant retail areas, would not be permitted. These include:

- Apartment or Condominium entered directly from street
- Architect
- Attorney
- Bank, Loan Officer or Financial Institution
- Consultant – General
- Dentist, Doctor or Medical Officer
- Escrow Agent
- Government Health Clinic
- Insurance Broker
- Landscape Architect
- Mortgage Broker
- Real Estate Agent, Appraiser, Broker, Developer
- Stock Broker
- Tax Preparer
- Title Company

In an undeveloped market such as the area around the Subject Property, any restrictions on the type of use for the ground floor are problematic. This is particularly true for the Project. The Project is intended to be a catalyst for future development in the area, and it is already subject to numerous use and development restrictions imposed as part of the RFP process (as embodied in the ERA and LDA). In fact, the Mount Vernon Triangle Action Agenda (October 2003), which is referenced by the OP Report, states that

“[T]he commitment to the Wax Museum Site Request for Proposals, an NCRC initiative, demonstrates the City's intent to shape the character of the neighborhood, with a program of our 500 housing units, along with encouraging the inclusion of artists live/work studios, a grocery store, retail and restaurants and a local arts venue. With this project [Wax Museum], the City intends to *catalyze* the creation of a neighborhood core as well as to support other new development in the Triangle. The Wax Museum site redevelopment will set the bar high for surrounding development with quality architectural design and construction of an abundance of local amenities ” (at page 6 of the OP Report, *emphasis supplied*.)

Further, the OP Report states with respect to the Project, that:

“The National Capital Revitalization Corporation's (NCRC's) request for development proposals for the re-use of this site suggested that respondents place special emphasis on the *uses*, design treatment, and openings at the corner of 5th and K. The winning proposal responded positively to this suggestion. NCRC and OP are working to help refine design and use details for this corner ” (at page 7 of the OP Report, *emphasis supplied*)

If these statements are true, why are additional restrictions, particularly on design and use, being proposed?

Further, the trigger provisions, while providing an indefinite phase-in period theoretically to allow the area to mature, are not practicable in the real world. The trigger is five (5) years after the Zoning Administrator publishes notice in the *D.C. Register* that 3.5 million square feet have been occupied in the Mount Vernon area. In addition to issues of providing effective notice to all owners and tenants after the trigger has been pulled, the end trigger date is not ascertainable in advance and therefore the lease term cannot be predicted at the time of entering a lease. The lease term is the most basic aspect of a lease. Tenants, owners and lenders require certainty in leases and in the financing such leases typically secure. Why would tenants and owners, invest the costs, time and resources to build out a space and market the use if the tenant who takes the space will be required to vacate at a future unspecified date? How will owners be able to lease the ground floor to a non-preferred user if there is no certainty as to how long such tenant will be entitled to stay? Why would such a tenant ever agree to incur the cost or disruption to its business to move to the MVT?

For instance, under the proposed regulations, an owner could lease the entire building, including the ground floor to a law firm, a permitted use under Section 1732.3. However, the lease for that ground floor would have to be indeterminate in term because of the unknown trigger date. No law firm would be willing to lease the space under such conditions. After the trigger date, no Section 1732.2 and 1732.3 uses would be allowed in the Special Entertainment Use Area. In the Priority Use Area, no Section 1732.3 uses are allowed. In both areas, the impact is that many potential tenants are effectively

eliminated in an area of the District with no proven track record. It makes little sense to introduce a potentially far-reaching and disruptive obstacle to an area that will be difficult to lease.

Unfortunately, we believe that the more likely impact of the trigger provisions will be that no non-preferred user will sign a lease because of the indeterminate lease term. Since the area is certainly not as attractive at this time to the restrictive type of tenants that the Office of Planning is seeking, the ground floor is most likely to remain vacant. Therefore, the proposed legislation could well disallow and change to the character of the area and stifle development before it begins.

Finally, and most fundamentally, because of the unique nature of the Project, its history and importance to the City, and the complexity of the deal with RLARC, the Subject Property should be completely exempt from the MVT overlay.

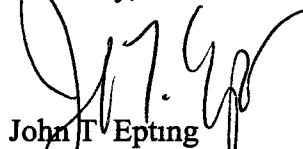
Implications on the Wax Museum's Current Design

Attached is a letter dated June 30, 2005, from the Project architects (Torti Gallas and Partners * CHK) which details the impacts of the proposal on the Project's current design. (See Exhibit B.)

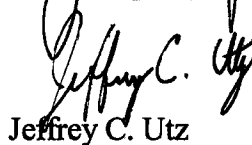
Conclusion

Redevelopment of the Subject Property has been a long, sometimes bumpy road and it is far from complete. L5K and NCRC have devoted an extraordinary amount of time and expense to make this project finally happen and bring new life and vitality to the MVT. Superimposing additional, often conflicting design and use restrictions (with controversial phase-in trigger provisions for more restrictive uses) is inconsistent with NCRC's and the City's goals for developing the Subject Property and needlessly complicates, and even jeopardizes, an already complex Project. We therefore respectfully request, if these MVT provisions are to be adopted, that the Subject Property be exempt.

Sincerely,



John T. Epting



Jeffrey C. Utz

cc: Marc Dubick
Eileen Circo
Lisa Wiersma

Exhibit A
Relevant Portions of Transcript of Hearing

1 obviously put into this, because the level of details
2 bespeaks, you know, a lot of rigorous discussion and
3 hard work.

4 But that being said, I have a concern that
5 this is -- I don't want to say that it's too
6 complicated, because it's not too complicated in the
7 sense that we can't understand it But I'm wondering
8 if it's the level of complexity is balanced against,
9 you know, what you're trying to achieve.

10 You know, I don't think -- I think part of
11 this is that we're trying to control the market, to
12 some extent, and I think, you know, if 5th and K is
13 supposed to be the hub, it will become the hub. You
14 know, I think if we try to -- if we try too hard to
15 make it the hub, then we might not be successful.

16 So I guess I just wanted to make the
17 general comment, and I have a series of more detailed
18 questions to ask, but I just -- I feel that it's
19 really trying to control this area, to an extent that
20 maybe zoning wasn't intended.

21 So with that as the backdrop, I can start
22 or if someone else wants to start?

23 (No response)

24 CHAIRMAN MITTEN: Okay. There seems to be
25 a strong desire to respond to the buildings that are

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1 the secondary area, I don't know that we need to have
2 that level of control of these uses, is my first
3 comment.

4 Then my second comment is the idea that,
5 and maybe this idea of having the phase-in and the
6 trigger point at a certain level of buildout was
7 because we're having this high level of control.

8 But, you know, this place is not on the
9 moon, you know. It's not its own -- I mean, you're
10 creating -- I guess, you're creating a new
11 neighborhood, but it's not so far removed from the
12 rest of the east end of downtown, that I think we have
13 to, you know, really bend over backwards before we, to
14 the extent that we want to have preferred uses on the
15 ground floor, that we have to wait, you know, a long
16 period of time.

17 Because there's a pretty substantial
18 residential neighborhood just a few blocks to the
19 south. So as new buildings are built, you know, at 5th
20 and K or in the Mount Vernon Triangle District, I
21 think they can probably support some of the preferred
22 uses earlier than you may think.

23 Because they will then help to attract
24 residences as well. So, you know, I'm just concerned
25 about not only the amount of time that might be

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1 involved in waiting for the 3 5 million square feet of
2 build-out, but also just logistically how is the
3 zoning administrator going to keep track of that. So
4 I'd just share that as a concern.

5 Anybody else can jump in any time while I
6 look for my other questions. You don't have to
7 respond. I'm just making some general comments.

8 MR. COCHRAN: Okay.

9 CHAIRMAN MITTEN: The emphasis on the
10 pedestrian areas, by limiting the driveways. You
11 know, I'm very much in favor of that, and what I would
12 like in the public hearing is that the series of
13 restrictions that you have about this area, no more
14 than one driveway in this area, no more than one new
15 driveway in all of that.

16 I think at the public hearing we'll need
17 to have more information on the alley system, to
18 evaluate that.

19 Also, too, on the ownerships, I think,
20 because, you know, there are certain opportunities
21 that exist. I mean, to some extent you could say
22 well, there'd be assemblages. But there's no
23 guarantee that you'll have assemblages.

24 So I think we just want to have an
25 understanding of what's already been assembled, and so

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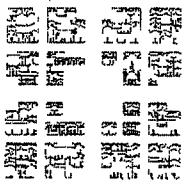
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Exhibit B
Letter from Torti Gallas dated June 30, 2005



TORTI GALLAS AND PARTNERS

Architects of Community

June 28, 2005

Mr. John Epting
Pillsbury Winthrop Shaw Pittman
2300 N Street, NW
Washington, DC 20037

Re: City Vista – 5th & K

Dear John,

We have completed our review of the Notice of Public Hearing for the proposed Mount Vernon Triangle District and offer the following comments on relevant sections, in addition to our 11/2/04 letter regarding these issues:

1722 STREETWALL DESIGN REQUIREMENTS (DD/MVT)

Section 1722.2 *“Each building on a lot that fronts on a pedestrian street shall devote not less than fifty percent (50%) of the surface area of the streetwall(s) at the ground level of each building to clear/low-emissivity glass, except for decorative or architectural accent, and to entrances to commercial uses or to the building.”*

As we stated in our earlier letter, we require grilles and louvers for retail and garage ventilation in this zone. I think this section is not clearly worded or is incomplete. I think they meant to stipulate a height of 14 feet, similar to section 1726.1. If this is the case then at the northern grouping of storefronts on 5th street, the top of the storefronts stops at approximately 12 feet high. This is due to the alignment with the top of the storefronts along K Street and the grade stepping up on 5th Street. The design could be adjusted to comply, but would aesthetically would result in an unfortunate misalignment of the tops of storefronts along 5th Street

If they do not stipulate a height, then the “surface area of streetwall” becomes arbitrary, you could just count linear feet of storefront at the ground floor versus overall linear feet of streetwall, regardless of the height of storefront.

Section 1722.3 *“Each building on the lot that fronts on a pedestrian street shall devote not less than fifty percent (50%) of the surface of the streetwall between twelve feet (12 feet) and fourteen feet (14 feet) above grade to clear or low emissivity glass.”*

Principals
Timothy Torti
Robert Gallas
Emile Gallas
David H. Zernardo
Robert Walburn
Susan Metzger
John O'Neill
Michael Cohen
Michael Nazzari
Dorinda Walters
Daniel Sherry
Bruce Kennell
Shirley Har
Robert G. Gough
Sally Ryan
Chawla P. P. P.
Thomas J. D. D.
Lawrence A. A. A.
Mark David Drake
Gaston M. J. J.
Patrick J. J.
Paul R. J.



Response same as 1722.2, and additionally, the northern storefronts along 5th that stop at 12 feet will get additional windows to a height of approximately 18 feet to 25 feet due to their double height nature from the elimination of mezzanine retail space above to comply with the height restriction of section 1722.5.

Section 1722.4 *"Each building shall be designed so as not to preclude an entrance every forty feet (40 ft.) on average for the linear frontage of the building; excluding vehicular entrances, but including entrances to ground floor uses and any main lobby."*

When calculated "on average" the building as designed complies with this requirement.

Frontage on 5th and K Streets = 296 ft + 60 ft + 28 ft + 274 ft = 658 ft / 40 ft. = 16.45 = 17 entrances required. 20 entrances are provided.

Section 1722.5 *"The ground floor level of each new building or building addition shall have a minimum clear floor to ceiling height of fourteen feet (14 ft.) for a distance of at least thirty six feet (36) perpendicular to the ground floor's building line."*

The building design complies with this section, except in the section of retail on the northern end of 5th Street where the clearance is currently provided to a depth of 34 feet 10 inches instead of 36 feet. (The design could be adjusted to get to 36 feet). We have omitted mezzanine retail space above the northern retail suites along 5th Street to comply with this section and provide approximately 25 feet of clear ceiling height in this area. Additionally, we will exceed 14 feet of height in the retail spaces at the southern end of 5th street and along K Street with heights from 15 feet to 18 feet.

1724 PIA MAXIMUM BUILDING HEIGHT (DD/MVT)

Section 1724.2 *No more than fifty percent (50%) of the portions of a building in each of the "B" and "C" sub-areas shall be more than fifty feet (50 feet) above grade.*

I think their intention here was to exclude Square 515, as they did in Section 1724.1; otherwise this would be a big problem.

1725 PIA MINIMUM GROUND FLOOR HEIGHT (D/MVT)

Section 1725.1 *"With the exception of buildings in Square 516 that existed as of (the effective date of this section), the following minimum ground floor height requirements apply to each building in the PIA:*



<i>Sub-area</i>	<i>Minimum clear floor to ceiling</i>
<i>A</i>	<i>22 Feet</i>
<i>B&C</i>	<i>22 Feet for at least 50% of its ground floor.</i>
<i>D</i>	<i>14 Feet</i>

We comply in sub – areas A and D. Our calculation of B&C combined is 48.7 % of the area is at 22 feet high. We could adjust the slab opening to get to 50%, however this exact design was previously shown to Office of Planning Staff and they stated that it would comply (as noted in our 11/2/04 letter). In the taller areas we exceed 22 feet and provide approximately 28 feet of height.

1726 PIA STREETWALL DESIGN (D/MVT)

Section 1726.1 *“Each building shall devote not less than seventy-five percent (75%) of the surface area of the streetwall(s) at the ground level, to a height of at least twenty-two feet (22 feet), to display windows with clear / low emissivity glass, except for decorative or architectural accent and entrances to commercial uses or to the building.”*

This requirement is burdensome and places unnecessary aesthetic, structural, energy consumption and practical restraints on the design. Within PIA sub-areas A,B, and C the current design as approved by the Office of Planning and NCRC Architectural Review Panel provides approximately 50 % windows. Within the PIA area at the 5th and K corner that provides the double height space in excess of 22 of height, the design provides approximately 70 % windows, to a height of 27 feet. In the other PIA area where there is mezzanine space above ground floor retail, it is necessary to have a spandrel between floors, reducing the percentage of glazing.

Section 1726.2 *“Each building shall devote not less than seventy-five percent (75%) of the surface area of the streetwall between eighteen feet (18 feet) and twenty-two feet (22 feet) above grade to clear/low-emissivity glass.”*

Response same as 1726.1.

1730 DRIVEWAYS ON PREFERRED USE STREET FRONTAGES. (DD/MVT)

1730.3 *“There shall be no more than one driveway constructed in the following areas”*

(a) The north side of K Street between 4th Street and 5th Street; ”

Our design contains one curb cut for our new alley on K Street, the existing Museum Square development to the east also has one curb cut on K Street. This has been the case since the submitted and selected RFP design.



1731 DRIVEWAYS: OTHER STREET FRONTAGES (DD/MVT)

1731.3 *"No more than one driveway may be constructed within the length of an individual building, unless the building extends the entire length of the block, in which case section 1731.4 shall apply."*

On the L Street frontage, our building does not extend for the full length of the block and contains two curb cuts, one for the entrance to retail parking, and one for the new alley. This has been the case since the submitted and selected RFP design. This could be interpreted that the curb cut for the retail parking "belongs" to Building One, and the new alley curb cut "belongs" to Building Two.

In summary, we think the proposed overlay is positive in spirit, but in many instances represents an overreaching effort to micromanage the details of building design without a clear understanding of the practical and aesthetic implications and burdens placed on the building design. We have not reviewed Section 1732 for restrictions on use as we understand you are taking the lead on those issues.

Please feel free to contact us if you have any questions or comments.

Sincerely,

Maurice Walters, AIA
Principal
Torti Gallas and Partners

Cc. Marc Dubick/ Duball
Lisa Wiersma/ Lowe
Michael Marshall/ MMA

Exhibit C
NCRC Letter to FSK dated May 31, 2005



FOR IMMEDIATE RELEASE
Thursday, February 26, 2004

Contact:
Peggy Armstrong
202.530.5750

**NCRC Subsidiary Names Developer
For the Former Wax Museum Site**

Washington, DC, -- The Board of Directors of the RLA Revitalization Corporation, a subsidiary of the National Capital Revitalization Corporation, selected a preferred development team for the 3.2 acre former Wax Museum site at its public Board meeting. The site is located east of Mount Vernon Square, at Fifth and K Streets in Northwest Washington, DC.

The RLARC Board selected the Lowe Team, comprised of Lowe Enterprises Mid-Atlantic, Inc., CIM Urban Real Estate Fund LP, Bundy Development Company, and the Neighborhood Development Company. The grocer in the proposal is Safeway.

“Selecting a preferred development team was extremely difficult; each of the teams had unique strengths, and each is singularly attractive for the different attributes they bring to this project,” said Karen M. Hardwick, Chair of the RLARC Board of Directors. “The redevelopment of this site has the capacity to accelerate the transformation of the Mount Vernon Triangle and is critical to this culturally and economically diverse community.”

The Lowe proposal provided a strong site plan with contemporary design that contains a strong development program. The program had an emphasis on retail, characterized by the commitment of the Safeway grocer anchor. In addition, the retail space wrapping around Safeway along 5th and K Streets presents a strong opportunity for the creation of a neighborhood amenity not currently found in the Mount Vernon Triangle area. The program includes a 55,000 sq. ft. full service Safeway grocery store, which includes a Starbucks, drycleaner and bank. The proposal also included an additional 54,274 square feet of retail space, which is expected to be comprised of a mix of national and local retailers, potentially including restaurants, specialty apparel, a dance studio and a health club.

Similarly, the Lowe Team proposal contained a variety of residential opportunities with a high percentage of homeownership. The proposal included 623 residential units – 421 condominiums and 202 rental apartments. For both affordable condos and apartments, the program included 5 percent of units affordable to households with incomes at 30 percent of

AMI (\$26,100 for family of 4) and below; 5 percent of units affordable to households with incomes at 50 percent of AMI (\$43,500 for a family of 4) and below, and 10 percent of the units affordable to households with incomes at 80 percent of AMI (\$56,500 for a family of 4) and below.

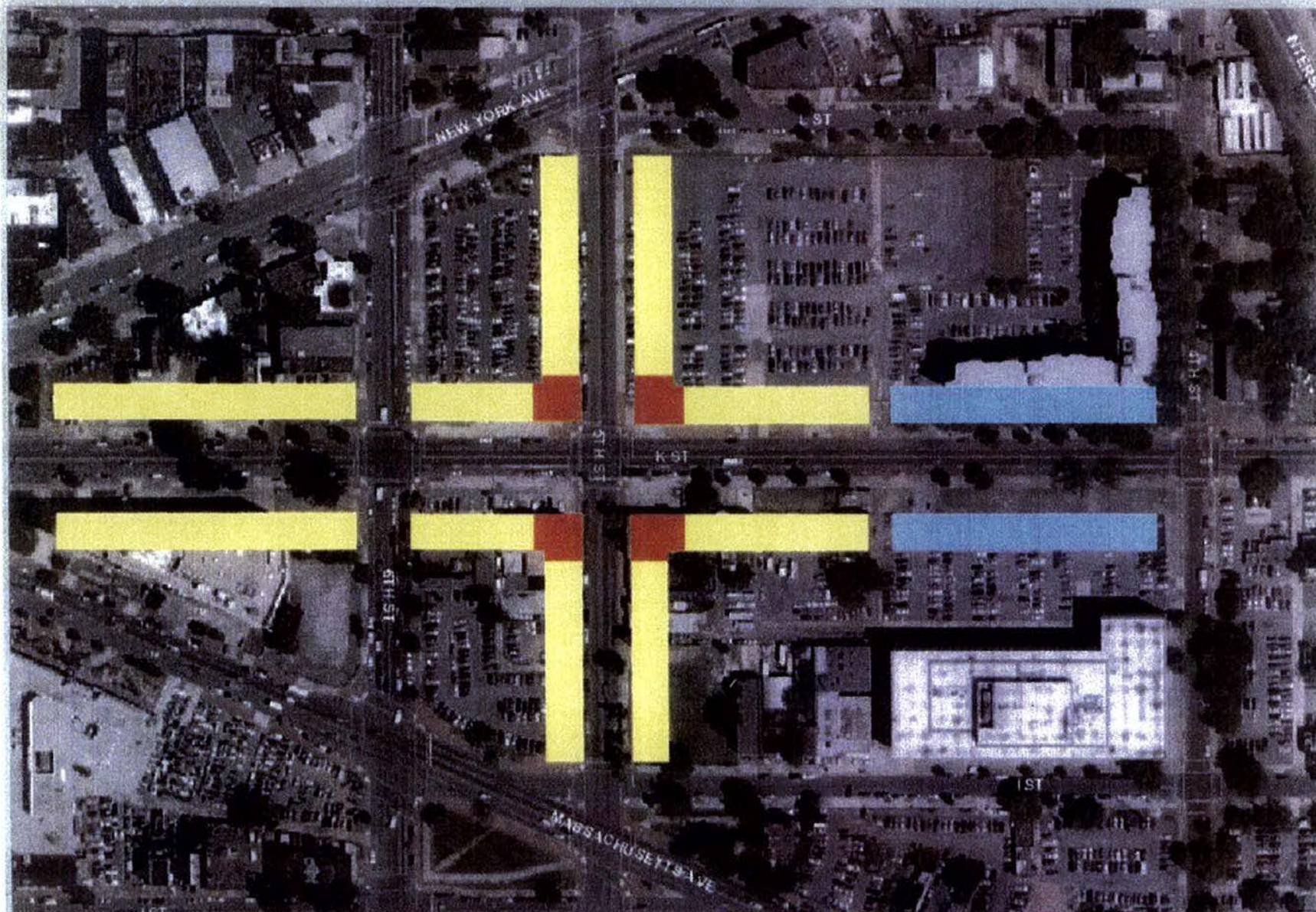
Other strengths included the commitment to the project by the financial partner, CIM Urban Real Estate Fund, and two local LSDBE real estate developers -- the Neighborhood Development Co and the Bundy Development Corporation. Both companies will have a substantial stake in project, as the developers of the condominium buildings.

“The Lowe Team provides the depth and breadth of experience with such complex projects, and demonstrated the ability to work cooperatively with the RLARC to expedite the development,” said RLARC CEO and President Theodore N. Carter. “We promised the community that we would quickly put this important parcel back in service as an anchor to the redevelopment of the Mount Vernon Triangle, and I’m pleased that construction is scheduled to begin in spring 2005.”

The RLA Revitalization Corporation used a two-step selection process for the redevelopment of the former Wax Museum site. Step One was the developer qualification selection process, which included an evaluation of each developer’s financial strength, that in turn produced a short list of qualified developers. Step Two required full technical proposals for the mixed-use development, which was required to include at a minimum 400 mixed-income residential units and a variety of retail stores anchored by a grocery store. In the RFP, developers were encouraged to include uses or amenities that are complimentary of the new Convention Center and the City Museum, located on New York Avenue. The RFP was open to all interested development teams.

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Exhibit D
Map of MVT Overlay



Proposed overlay with primary subdistrict in yellow and secondary in blue. Special corner use requirements are indicated in red.