

**U.S. Department of Housing and Urban Development**

Baltimore Office
City Crescent Building
10 South Howard Street, 5th Floor
Baltimore, MD 21201-2528

July 8, 2014

Ms. Nancy Hooff
Somerset Development Company, LLC
4115 Wisconsin Avenue, NW, Suite 210
Washington, D.C. 20016

Dear Ms. Hooff:

Subject: Support for Section 8 Pass-Through Contract for Portner Place Redevelopment

It is our understanding that the proposed project will transform what is now a distressed, garden-style property receiving Section 8 rental subsidy, with 48 units located on a 1.1 acre site in a rapidly developing neighborhood in Washington, DC into a mixed-income, mixed-use, transit-oriented property that will serve the current residents of Portner Place and potentially double the number of affordable units to 96. Please be assured that we are very supportive of your efforts to preserve the existing affordable housing as well as expand the use of the property to additional residents in this highly desirable location.

Based on the information you provided, the Portner Place Tenant Association assigned their rights to Somerset under the District of Columbia's Tenant Opportunity to Purchase Act (TOPA), and that you and your partners, Jonathan Rose Companies, took ownership of the Portner Place in September 2013. You have indicated that under the redevelopment plan, Somerset will construct a new mixed-income building with two wings, one on U Street, NW, containing 270 market rate units, and one on V Street, NW, that will contain approximately 96 units utilizing the Low Income Housing Tax Credit Program, including the 48 units that are currently subsidized. During the two-year construction period, the 48 residents currently receiving rental assistance through a Section 8 Housing Assistance Payments (HAP) contract, under this scenario, will be relocated to temporary housing by way of a Section 8 pass-through. For this reason, you have requested information on the Section 8 pass-through process to assure that the residents receive uninterrupted rental assistance during the construction period.

A pass-through of Section 8 HAP contract funds from the existing Section 8 HAP contract will enable Somerset to maintain the Section 8 HAP contract, which will support the 48 units while the construction of the new project is underway. Upon completion of construction, the Section 8 HAP contract will be reinstated at the newly constructed building. In regard to the

operational side of the pass-through, while the residents are in temporary housing, the management company of Portner Place will function in the same manner while residents are off-site, i.e., collecting rents, managing leases, utility hook-ups, and ensuring that units are decent, safe and sanitary, etc. The management company will also be responsible for relocating residents to temporary housing, and returning them to the redeveloped housing, including the requirement that there will be no relocation costs incurred by residents. Normally scheduled rent increases (OCAF) will not be affected by the off-site pass-through.

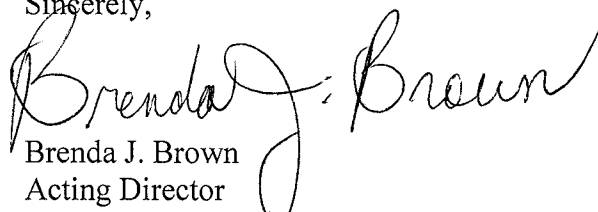
As I indicated to you in conversations, "a pass-through" of Section 8 rental assistance to temporary housing is permissible under HUD guidelines, and this office has had experience with this process. All requests for a pass-through of Section 8 rental assistance for purposes of housing residents who are temporarily dislocated, however, must be approved by Department of Housing and Urban Development (HUD) headquarters under current procedures. Your request should be directed to Ms. Melanie Marston, Director of the DC Multifamily Program Center several months prior to the commencement of construction of the new buildings for processing.

As you know, the Baltimore Multifamily Hub has been granted approval several times within our jurisdiction for the substantial rehabilitation and new construction of properties. There is a specific process that must be followed that includes a specific request for the pass-through and an acceptable relocation plan. This office recently had a plan approved for a property in the District of Columbia. In separate correspondence, we have provided you information regarding the implementation of and the requirements for a pass-through, which we understand you have incorporated into your development plan.

With a relocation plan and a process that meets our requirements, the Baltimore Multifamily Hub supports the proposal for a pass-through and a 20-year extension request to the Section 8 HAP contract, and we feel confident that HUD headquarters will also process this request in order to support the mixed-income, mixed-use development of the Portner Place.

If you should have any questions or require additional information, please do not hesitate to contact me at (410) 209-6510.

Sincerely,


Brenda J. Brown
Acting Director
Baltimore Multifamily Hub

cc: Melanie Marston, Director
DC Multifamily Program Center