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July 23, 2015

District of Columbia Zoning Commission
Zoning Case (ZC) 14-22: Proposed Text and Map Amendment to Create and Implement the Walter Reed (WR) Zone

TPWR, LLC Response to Notice of Proposed Rulemaking
[TPWR, LLC is a joint venture of Hines, Urban Atlantic and Triden Development, the development team selected by the District of Columbia to redevelop the Walter Reed campus]

To the Honorable Members of the Zoning Commission,

As the development team selected by the District of Columbia to redevelop the Walter Reed campus, Hines, Urban Atlantic and Triden Development ("TPWR, LLC"), respectfully submit the following comments in response to the Notice of Proposed Rulemaking for Z.C. Case No. 14-22 published on June 26, 2015.

We present our recommendations on the three sections of the Text and Map Amendment for Case No. 14-22 for which the Zoning Commission has included alternative options. Our recommendations are based on our understanding of and deep commitment to the community development and planning goals set forth by the Office of Planning (OP), Office of the Deputy Mayor for Planning and Economic Development (DMPED), and local community stakeholders in the Small Area Plan (SAP) that was created for the Walter Reed site, as well as our continued study of and planning for the site in partnership with DMPED and the local community since our selection as Master Developer in November 2013.

I. **WR-1 – 3501.2**

This section of the proposed Zone presents alternative heights and stories for the lots within WR-1. We recommend the following:

- **Lots with any frontage on Fern Street – the proposed height Alternative of 50' and 4 stories is needed to allow for the highest quality townhomes on Fern and is consistent with existing homes.** In the SAP, townhomes are envisioned along Fern Street in order to be compatible with existing homes on the north side of Fern. The most gracious, high quality townhome style for Walter Reed includes an occupied roof attic with a roof terrace, as well as high ceiling heights (up to 10' plus 18' truss) and the option of an integral grade-level garage off the alley. Given the extreme grade drop from Fern into the Walter Reed site, creating this townhome requires 4 stories and up to 50' in height as measured from the Fern Street frontage. This is consistent with existing homes on the north side of Fern, which are primarily 2.5 to 3 stories in height and sit up above the level of the street anywhere from 6' to 10'.

- **Any other lot [Lots with frontage on Elder Street] – the proposed height Alternative of 55' and 5 stories is critical in order to build the "two-over-two" product envisioned in the SAP.** In the SAP, a "two-over-two," or "stacked flats" product, is envisioned on the north side of Elder, south of the towns fronting on Fern. Given the grade drop from Fern down into the Walter Reed site, the alternative height of 55' and 5 stories, measured from Elder Street, is required in order to build this product, since an occupied roof attic with roof terrace and/or integral garage [likely needed due to lot depth and slope challenges] are included. Providing a non-integral garage is a challenge due to the lot depth and slope. ***The product is not feasible with the lower height allowances and requires the alternative height of 55'.*** These units are set far back and far down from Fern Street, and therefore will not appear taller than the new towns on Fern when viewed from Fern. They are also an important part of the transition from the towns on Fern to the highest density portion of the site south of Elder Street, to be zoned WR-2, which allows height up to 85' and 7 stories.

II. IZ – 3540

This section of the proposed Zone presents alternatives for requiring affordable units within the WR Zone. One alternative is to make the IZ provisions apply to the development, as they would for any other new residential development in zones where IZ applies. The second alternative provides specific requirements for the Walter Reed site, which include deeper levels of affordability and more tailored provisions for what will ultimately be developed. We recommend that the Commission adopt the more specific provision of the alternate §3540 rather than a blanket requirement to comply with the IZ regulations.

A. The Alternative supports the deeply affordable housing program – including nearly one-third of units for households at only 30% AMI and supportive services – to which TPWR has committed, while the base concept does not.

Deep Affordability. The alternative affordable housing provisions included as §§3540.1-3540.12 in the proposed Zone outline the affordable housing program to which TPWR has committed, and which will be a requirement of the Land Disposition Agreement between the District of Columbia and TPWR. As described in 3540.4 and 3540.5, the program includes 432 affordable units – 20% of all units planned for the site – and targets deeper affordability levels than traditional IZ:

- 114 rental units [26% of units] reserved for households earning 30% AMI or less
- An additional 139 units (rental or for sale) [32% of units] reserved for households earning 50% AMI or less
- An additional 179 units (rental or for sale) [41% of units] reserved for households earning 80% AMI or less

Supportive Services to Homeless, Veterans and Seniors. By including at least three projects within Walter Reed targeted to formerly homeless veterans, formerly homeless seniors, and low-income seniors, respectively, TPWR's affordable program creates deeply affordable buildings that can provide wrap-around supportive services to residents because of the available financing and the aggregation of these units.

This meets one of the District's primary stated goals of ending homelessness in our city, within a broader mixed-income, mixed-use community that will provide incredible amenities to low- and very low-income households even beyond their immediate buildings.

Affordable Units Dispersed throughout Site – Truly Mixed-Income Project. Moreover, §3540.6 requires that affordable units be dispersed throughout each zone of the site, and in each building of the site, ensuring that the future Walter Reed community is truly mixed-income.

Why compliance with IZ Does Not Work. IZ would render the Walter Reed project economically unfeasible by requiring approximately 70 affordable units [or 70,000 SF] in addition to the 432 to which TPWR has committed. This is because the IZ program requires that 50% of IZ units be targeted to 50% AMI and 50% be targeted to 80% AMI.

Because TPWR's program targets deeper affordability – with 26% of units targeted to 30% AMI or below – its 50% and 80% AMI units comprise 32% and 41% of units across the site, respectively. A calculation of 10% of residential gross floor area, split evenly between 50% AMI and 80% AMI units, results in approximately 70 additional affordable units [or 70,000 SF] within the project. This is economically unfeasible given the fact that the District must purchase the Walter Reed site from the Army for a set financial consideration, and thereby TPWR must purchase the site from the District. The consideration renders meeting the requirements of the affordable program committed to the District and community plus the additional requirements of IZ unfeasible.

Additionally, since the LDA will contain specific affordable housing requirements, it is burdensome, confusing and unnecessary to make the IZ requirements applicable, which will contain different, sometimes complementary and sometimes contradictory, requirements. This will be burdensome and confusing not only from a development and compliance perspective, but also for tenants and management.

B. Section 3540.8 Does Not Work as currently written. While TPWR recognizes that this clause is typical for many IZ projects, it does not work for the Walter Reed program. Section 3540.8 requires that after the Initial Control Period specified in the LDA, the allocation of IZ units in multifamily buildings would go to 50% of units at/below 50% AMI and 50% at/below 80% AMI. However, because of the deep affordability and supportive services provided under the affordable housing plan for Walter Reed, there will be a range of allocations between 30%, 50% and 80% AMI across the buildings on the site. These allocations will not be 50% at 50% AMI and 50% at 80% AMI. As it is currently drafted, in some buildings, after the Initial

Control Period, §3540.8 would require that units originally reserved for 80% AMI become 50% AMI units. This significantly reduces the future value of these buildings upon which the sale of the site from the Army to the District to TPWR is predicated.

Additionally, this will be burdensome and confusing not only from a compliance and development perspective, but from a tenant and management operating perspective. It will be especially confusing at the expiration of each building's Initial Control Period, as the affordability program changes, and may result in the eventual displacement of affordable and workforce households.

Recommended Solution. Recognizing the IZ program goal of ensuring affordability for the life of each project, TPWR recommends that, at the expiration of the Initial Control Period, the allocation of affordable units across the Walter Reed site must be such that at least fifty percent (50%) of affordable units are set aside for households earning fifty percent (50%) of the AMI or less and fifty percent (50%) of affordable units are set aside for households earning eight percent (80%) of the AMI or less. ***This accomplishes the goal of the IZ program without compromising the economic feasibility of the overall Walter Reed project.***

III. IZ – 2603.8-2603.9

This section of the proposed Zone presents alternatives for the percent of gross floor area required to be IZ units if the Commission determines to make IZ apply to the WR Zone. We recommend the following:

The Alternative should be adopted, as it is consistent with other sections of the Chapter 26. The Alternative provides that in the higher density and mixed-use zones of the site (WR-2, WR-3, WR-7 and WR-8), no less than 8% of the gross floor area being devoted to residential use should be IZ units, rather than 10% being applied across the entire Zone. This is consistent with §§2603.1 and 2603.2 of the Regulations, which specifies that an IZ development "of steel and concrete frame" located in one of the higher density and mixed-use zones [C-2-B, C-2-C, CR, etc.] "shall devote the greater of eight percent (8%) of the gross floor area being devoted to residential use or fifty percent (50%) of the bonus density utilized for inclusionary units."

TPWR would like to commend the Office of Planning and Zoning Commission for the timely drafting and review of the proposed Walter Reed Zone. We are committed to bringing the incredible vision created by the SAP to life, and we greatly appreciate your consideration of our recommendations.