

June 16, 2015

Zoning Commission for the District of Columbia
441 4th Street, NW
Suite 210S
Washington, DC 20001

**RE: 320 Florida Avenue NE PUD
Need for Affordable Housing Contingency for Financing**

Dear Members of the Commission:

Over the last five years, the Mac Realty Advisors (MAC) team has represented clients in the financing of over 6,000 multi-family units in the Washington, DC area. We have placed debt and equity financing for projects up to \$150 million and are currently in market with 14 deals totaling approximately \$950 million. We are constantly in the financial markets and maintain strong working relationships with lenders and equity investors that are local, regional, national and international.

The MAC team has reviewed the proposed affordable housing proffer for the Highline at Union Market, at 320 Florida Avenue NE (Project), whereby approximately half of the typical affordable housing units will be provided off-site through a contribution to the Habitat for Humanity (Habitat). We commend Level 2 Development for its creative approach to create low-income, for-sale housing in Washington, DC.

Level 2 approached us regarding the need for a contingency plan for the affordable units, so that the new building can be issued a Certificate of Occupancy (CofO) should Habitat not be able to build all of the homes required. Our initial reaction was that a contingency is an absolute requirement, that banks would not make a construction loan if the CofO for the building is contingent on the actions of an unrelated third-party (in this case, Habitat).

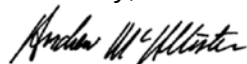
Nonetheless, we queried three lenders representatives – listed below to confirm our understanding.

- **Principal Financial** – Life Insurance Company – Construction to permanent lender;
- **United Bank** – Regional Bank – Would be required for C of O; and
- **PNC Bank** – National Bank – A Plan B would be required; It would be a non-starter without

All three financial representatives confirmed our belief: These financial institutions will not lend on a construction project unless there is an alternative path to completion of the building that is under the control of the borrower. A CofO contingent on a proffer that the borrower may not be able to provide is not an option.

Please let me know if we can be of any further assistance.

Sincerely,



Andrew McAllister
Executive Director