

Corey Holman
926 14th St SE
Washington, DC 20003

January 28, 2016

Chairperson Anthony Hood
DC Zoning Commission
411 4th St NW #200 South
Washington, DC 20001

Chairman Hood and Commissioners,

My name is Corey Holman and I live at 926 14th Street SE, five houses south, and sharing an alley with, the proposed development in Case 15-12. I write in support this case, with a few important caveats that I hope you will consider in deliberation of this case.

For a bit of background, in June of 2013, my wife and I purchased our home and one important factor in that purchase was the potential redevelopment of this site. When *Capitol Hill Corner* reported in January of 2015 that CAS Riegler was under contract to purchase the property and potentially seeking a PUD, I was excited at the possibilities. In March, Robin Betteral and CAS Riegler held their first public meeting at the Hill Center; since then, she and her team have been incredibly responsive and forthright. For example, I've had them over to our house twice to discuss specific issues with design, construction, and operations. I know she's also met with neighbors on Pennsylvania Ave, 14th St, and Ives Place. These discussions, along with ANC subcommittee meetings, have resulted in the MOU as part of the record attached the the ANC report in Exhibit 20. CAS Riegler have exceeded every one of my expectations from the start of this process.

As for the project itself, I hope that it will fundamentally transform the city and the neighborhood in profoundly positive ways. The current use of the site is a remnant from a different era. From a gas station to a Pizza Hut designed for the car-dependent suburbs, the parcel has been antithetical to urban design for decades.

For the city, upzoning the land and adding 170-190 units across the street from a metro station is something DC residents and leaders should welcome. For the neighborhood, CAS Riegler's focus on top-class retail space and the type of future tenants discussed has given me hope that the building will help breathe life into the surrounding blocks and spur commercial development at our end of Pennsylvania Ave. For the neighbors, CAS Riegler's promises of owning and managing the building, combined with their stated willingness to always be available to listen, gives me hope that they and their tenants will be outstanding neighbors.

I say all this to make clear my support of this project before delving into my concerns. I am quibbling over this PUD at the margins and in no way do I want this letter to be construed as opposition to the project. However, all that being said, ***I believe there are two minor corrections the Zoning Commission should impose on the applicant.***

Rezoning and building mass

The building's southeastern portion lies in an existing R-4 zone as shown on page 11 of the Office of Planning's Final Report (Exhibit 19). In this corner, the project abuts the rear yards of five houses, none of which are more than three stories, and is directly across the alley from the rear yards of three other properties. At the top of the second floor of this project, the building is taller 3 of the 5 adjoining properties. At the third floor, the building height exceeds the R-4 height limit and is taller than all five adjoining properties and taller than any other structure in the Square. At the 7th floor, the building reaches 78 feet in what is currently zoned R-4 land. Further, there is no rear or side yard at this portion of the building. On the other side of the building, the western leg of the project steps down from 78 feet to 68 feet to 18 feet. Across the 10 foot rear yard and 10 foot alley (20-foot alley after the easement is recorded) at 918 14th street, there's a nearly 40-foot three-unit condo building.

OP recommends in their Final Report the developer increase the step downs on the western leg of this project. With all due respect to OP, if there's any issue with height and transitions to neighboring properties, it's in the southeastern corner where this building essentially juts into the R-4 zone. The massing here, even with the provided step downs, presents more of an impact on neighbors of the square and harms the comprehensive plan's designation of this portion of land to be moderate density residential. On pages 11 and 13 of Exhibit 9A1, this situation is illustrated perfectly (attached at Exhibit A for ease of use). The portios in this corner are too massive but the transition between the western edge of the building across the alley to 918 14th St seems reasonable. ***I urge the Zoning Commission to require the applicant to follow the spirit of OP's recommendation for better relationship between the project and the abutting R-4 zone, but to focus those changes in the southeastern corner where the impact is largest.***

Public Benefits and Amenities

Based on either the developer's proffers (Exhibit 16A) or ANC-agreed proffers (Exhibit 20), I don't believe the project benefits and amenities meet the standards of a planned unit development as defined in 11 DCMR 2400.2¹.

¹ "The overall goal is to permit flexibility of development and other incentives, such as increased building height and density; provided, that the project offers a commendable number or quality of public benefits and that it protects and advances the public health, safety, welfare, and convenience."

Regarding inclusionary zoning (benefit #1 in Exhibit 16A), I appreciate OP's request in their Final Report for deepening affordability of three-bedroom units and think that would help reach the standards of a PUD. But I want to point out, and hope that the ZC considers as part of their deliberations on case 04-33G, the benefits proffered with a value of nearly \$750k reduces the number of IZ units from 14 to 10. I know this fulfills the legal obligations of IZ as it relates to square footage and studio and one-bedroom ratio requirements, but as a District resident, it still rubs me the wrong way that a developer can attach such a large value to a PUD by changing from one IZ-compliant unit mix to another IZ-compliant unit mix².

Regarding the enhanced and improved alley system (benefit #3), I strongly believe that repaving an existing public alley to DDOT's basic standards is not a public benefit commensurate with a PUD. It's doing DDOT's work for them. During our discussions with the developer over the last year, the neighbors who use the alley have asked for any reconstruction to meet DDOT's Green Alley standards though the applicant has balked at the quoted prices. ***I urge the zoning commission either require alley repaving to meet DDOT's Green Alley standards, or, if it's deemed too expensive or not feasible, to remove the portion of benefit related to repaving the public alley and assign that value to benefits #2(1) through #2(4) of Exhibit 16A.***

Thank you for taking the time to consider the above points and I look forward to sharing them with the Zoning Commission at the Public Hearing,

Corey Holman

Corey Holman

² I also add here that I believe the value of the IZ proffer, attached as Appendix B/Scenario 1, is overstated for two reasons. One, the baseline unit mix does not in any way resemble the pre-hearing statement unit mix. While I know that unit mix isn't an actual building plan, the baseline scenario removes all three bedrooms from the building and turns those into studios. If their baseline scenario reflected their pre-hearing statement while keeping all other assumptions identical, the value of this benefit would be reduced by \$36,792. Second, the applicant used the legal requirements of IZ to maximize the value of this benefit. A different, but still legal, unit mix in the baseline scenario and keeping all other assumptions the same, would reduce the value of this benefit by \$146,664. These calculations are attached as Appendix B, Scenarios 2 and 3. I understand that the applicant meets the legal requirements of IZ but, again, I hope that the Zoning Commission can clarify the baseline scenarios required for evaluation of a PUD benefit in case 04-33G.

APPENDIX A

APPROXIMATE LOCATIONS

OF EXISTING R-4 ZONING



14TH ST - EAST SIDE STREET ELEVATION

Source: Exhibit 9A1, Page 11



1401 PENNSYLVANIA | ARCHITECTURE

CAS | legler
PLANNING ARCHITECTURE

Source: Exhibit 9A1, Page 13

PROPOSED OVERALL VIEW
FROM SOUTHWEST
November 4, 2015

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**APPENDIX B: ALTERNATIVE
IZ BENEFIT PROFFER
SCNERIOS**

Scenario 1: As Proffered by Developer

Excludes 3 bedroom IZ Units				80% AMI Only					
	Total Unit		Total Rental	IZ Units	IZ Unit SF	IZ SF% of whole	IZ Unit Limit Check	Total IZ Rent	
	Count	Avg. Size	SF					2015 IZ Rent Per Unit	Per Unit Type Per Month
Studio	64	378	24,192	4	1,512	18%	TRUE	\$ 1,529	\$ 6,116
1	100	573.2	57,320	6	3,439	42%	TRUE	\$ 1,638	\$ 9,828
2	25	811	20,275	4	3,244	40%		\$ 1,966	\$ 7,864
3	0		-	0	-	0%		\$ 2,293	\$ -
Total	189	539	101,787	14	8195.2	100%	8.0513%	\$ 1,701	\$ 23,808

Excludes 3 bedroom IZ Units				80% AMI Only					
	Total Unit		Total Rental	IZ Units	IZ Unit SF	IZ SF% of whole	IZ Unit Limit Check	Total IZ Rent	
	Count	Avg. Size	SF					2015 IZ Rent Per Unit	Per Unit Type Per Month
Studio	64	370.625	23,720	2	741	9%	TRUE	\$ 1,529	\$ 3,058
1	93	570	53,010	2	1,140	14%	TRUE	\$ 1,638	\$ 3,276
2	25	814.72	20,368	2	1,629	20%		\$ 1,966	\$ 3,932
3	4	1172.25	4,689	4	4,689	57%		\$ 2,293	\$ 9,172
Total	186	547	101,787	10	8199.69	100%	8.0557%	\$ 1,944	\$ 19,438

	Exc. 3 Bedrooms	Includes 3 bedrooms	Differential
Total IZ Monthly Rent	\$ 23,808	\$ 19,438	\$ (4,370)
Total IZ Rent	\$ 285,696	\$ 233,256	\$ (52,440)
Opex Costs 30%	\$ (85,709)	\$ (69,977)	\$ 15,732
Total Annual Revenue	\$ 199,987	\$ 163,279	\$ (36,708)
Cap Rate Valuation at 5.00%	\$ 3,999,744	\$ 3,265,584	\$ (734,160)
Cap Rate Valuation at 5.50%	\$ 3,636,131	\$ 2,968,713	\$ (667,418)
Cap Rate Valuation at 6.00%	\$ 3,333,120	\$ 2,721,320	\$ (611,800)

Scenario 2: Unit mix identical to pre-hearing statement but still maximizing value of IZ unit proffer

Excludes 3 bedroom IZ Units				80% AMI Only					
	Total Unit Count	Avg. Size	Total Rental SF	IZ Units	IZ Unit SF	IZ SF% of whole	IZ Unit Limit Check	2015 IZ Rent Per Unit	Total IZ Rent Per Unit Type Per Month
Studio	45	369	16,605	3	1,107	12%	TRUE	\$ 1,529	\$ 4,587
1	93	625	58,125	7	4,375	49%	TRUE	\$ 1,638	\$ 11,466
2	25	857	21,425	4	3,428	38%		\$ 1,966	\$ 7,864
3	10	1204	12,040	0	-	0%		\$ 2,293	\$ -
Total	173	625	108,195	14	8910	100%	8.2351%	\$ 1,708	\$ 23,917

Excludes 3 bedroom IZ Units				80% AMI Only					
	Total Unit Count	Avg. Size	Total Rental SF	IZ Units	IZ Unit SF	IZ SF% of whole	IZ Unit Limit Check	2015 IZ Rent Per Unit	Total IZ Rent Per Unit Type Per Month
Studio	45	369	16,605	2	738	8%	TRUE	\$ 1,529	\$ 3,058
1	93	625	58,125	1	625	7%	TRUE	\$ 1,638	\$ 1,638
2	25	857	21,425	3	2,571	29%		\$ 1,966	\$ 5,898
3	10	1204	12,040	4	4,816	55%		\$ 2,293	\$ 9,172
Total	173	625	108,195	10	8750	100%	8.0872%	\$ 1,977	\$ 19,766

	Exc. 3 Bedrooms	Includes 3 bedrooms	Differential
Total IZ Monthly Rent	\$ 23,917	\$ 19,766	\$ (4,151)
Total IZ Rent	\$ 287,004	\$ 237,192	\$ (49,812)
Opex Costs 30%	\$ (86,101)	\$ (71,158)	\$ 14,944
Total Annual Revenue	\$ 200,903	\$ 166,034	\$ (34,868)
Cap Rate Valuation at 5.00%	\$ 4,018,056	\$ 3,320,688	\$ (697,368)
Cap Rate Valuation at 5.50%	\$ 3,652,778	\$ 3,018,807	\$ (633,971)
Cap Rate Valuation at 6.00%	\$ 3,348,380	\$ 2,767,240	\$ (581,140)

Scenario 3: Baseline from applicant, but changing proffered unit mix to minimize value of IZ subsidy

Excludes 3 bedroom IZ Units				80% AMI Only					
	Total Unit Count	Avg. Size	Total Rental SF	IZ Units	IZ Unit SF	IZ SF% of whole	IZ Unit Limit Check	2015 IZ Rent Per Unit	Total IZ Rent Per Unit Type Per Month
Studio	64	378	24,192	4	1,512	18%	TRUE	\$ 1,529	\$ 6,116
1	100	573.2	57,320	6	3,439	42%	TRUE	\$ 1,638	\$ 9,828
2	25	811	20,275	4	3,244	40%		\$ 1,966	\$ 7,864
3	0		-	0	-	0%		\$ 2,293	\$ -
Total	189	539	101,787	14	8195.2	100%	8.0513%	\$ 1,701	\$ 23,808

Includes 3 Bedroom IZ Units				80% AMI Only					
	Total Unit Count	Avg. Size	Total Rental SF	IZ Units	IZ Unit SF	IZ SF% of whole	IZ Unit Limit Check	2015 IZ Rent Per Unit	Total IZ Rent Per Unit Type Per Month
Studio	64	370	23,680	3	1,110	14%	TRUE	\$ 1,529	\$ 4,587
1	93	570	53,010	4	2,280	28%	TRUE	\$ 1,638	\$ 6,552
2	25	812	20,300	0	-	0%		\$ 1,966	\$ -
3	4	1199.25	4,797	4	4,797	59%		\$ 2,293	\$ 9,172
Total	186	547	101,787	11	8187	100%	8.0433%	\$ 1,846	\$ 20,311

	Exc. 3 Bedrooms	Includes 3 bedrooms	Differential
Total IZ Monthly Rent	\$ 23,808	\$ 20,311	\$ (3,497)
Total IZ Rent	\$ 285,696	\$ 243,732	\$ (41,964)
Opex Costs 30%	\$ (85,709)	\$ (73,120)	\$ 12,589
Total Annual Revenue	\$ 199,987	\$ 170,612	\$ (29,375)
Cap Rate Valuation at 5.00%	\$ 3,999,744	\$ 3,412,248	\$ (587,496)
Cap Rate Valuation at 5.50%	\$ 3,636,131	\$ 3,102,044	\$ (534,087)
Cap Rate Valuation at 6.00%	\$ 3,333,120	\$ 2,843,540	\$ (489,580)