

Transcript from 11/29/2016 Joint Public Hearing

PR 21-908, the “Bruce Monroe Surplus Declaration and Approval Resolution of 2016”
Representing the Government: Aimee McHale, Angie Rogers, Mr. Sarosh Olpadwala

Aimee McHale – (6:59:40 -to- 7:11:25 questions start ended at 8:01:00)

Good evening Chairman Mendelson, Council Member Cheh, Members of the Committee of the Whole, Committee on Transportation and the Environment and staff. My name is Aimee McHale and I serve as Project Manager for the Park Morton redevelopment plan, under the New Communities Initiative, and the office of the Deputy Mayor, and the office of Planning and Economic Development. I am joined by Sarosh, the Director of Real Estate, and Angie Rogers, Director of the New Communities Initiative. I am here to testify in support of PR 21-908 the Bruce Monroe Surplus Declaration and Approval Resolution of 2016, and PR 21-909 the Bruce Monroe Disposition Approval Resolution of 2016. The approval of these resolutions would authorize the Mayor to declare a surplus and dispose of property located at 3012 Georgia Avenue NW through a 99 year ground lease to advance the redevelopment of the Park Morton Public Housing Community. Bruce Monroe would serve as the build first sight for Park Morton, allowing for the provision of replacement housing prior to the demolition of existing homes. At completion, both sites, Bruce Monroe and Park Morton, will contain a mix of public housing, other affordable, and market rate units, as well as other resident and public amenities. We anticipate Park Morton will be the first public housing redevelopment completed in the country that does not involuntarily displace residents from their neighborhood. Bruce Monroe is what makes that possible. Park Morton will be a national model that improves upon the history of public housing redevelopment where often in the past, better quality housing in neighborhoods were only achieved at the expense of displacing long-time residents. I would like to thank Chairman Mendelson and Council Member Mary Cheh for holding this hearing and to the public witnesses for their testimony. I also want to recognize the contributions of our community partners, including the Park Morton residents, particularly the resident council and their president Tamika White, ANC 1A and 1B, Ward 1 council member Brienne Nadeau, the Park Morton steering committee, and our development team the community builders, Dantes’ Partners and the District of Columbia Housing Authority. The Park Morton public housing complex was built in 1960 and is made up of 174 two bedroom units. In 2007 District officials in collaboration with Park Morton residents and an advisory panel initiated a public planning process to develop a revitalization plan for Park Morton as part of the District’s New Communities Initiative. NCI is a program designed to revitalize communities plagued with severely distressed housing, poverty, high crime and economic segregation. The master development plan for Park Morton approved by the DC Council in 2008 was intended to serve as a road map for the creation of a socially and economically integrated community. The plan called for the demolition of the existing units to be replaced one for one, additional affordable and market rate units at both Park Morton and additional land to be identified off-site. The resulting redeveloped community would feature mixed income housing, parks and community space, as well as street improvements to better link the community to the rest of the Parkview neighborhood. Landex Corporation was originally selected as the master developer for Park Morton, and they identified and completed the initial build first project called The Avenue, located one block north of Park Morton. This building was completed in 2012 and has 83 units, including 27 replacement units for Park Morton residents. Eventually the District will release Landex in early 2004 citing a lack of progress on the full redevelopment plan. In 2014 the DC Housing Authority issued a solicitation to procure a new team, and the current development team you’ve just heard from Parkview Community Partners comprised of the Community Builders and Dante’s Partners was selected in November of that year. The evaluation panel included staff from the housing authority, DMPED, and community representation from Park Morton. Parkview Community Partners was selected based on

their qualifications and experience, as well as their overall development vision. Because public housing is part of our city's housing and human services safety net, redevelopment requires teams that are not only experienced housing developers, but can also articulate a vision for preserving the safety net that is public housing within a mixed income development. The Community Builders is a leading national non-profit that has developed over 25 mixed income communities around the country while Dante's Partners is a locally based firm with 10 years of affordable housing development experience. Because fulfilling the Park Morton plan would necessarily mean identifying one or more additional build first sites, DCHA solicitation requested that respondents identify options to be considered. Several respondent teams including PDCP's winning proposal recommended using Bruce Monroe as the build first site. PDCP's selection as the master developer of the overall Park Morton plan, however, was not confirmation of Bruce Monroe's site utilization. DMPED performed its own analysis and due diligence outside of the RFP process to identify the best build first option. DMPED looked at all of the proposals in the RFP process as well as other public and private parcels in the area, met with and took recommendations from members of the ANC, community and civic groups, and developers with active residential projects and predevelopment along the Georgia Avenue corridor. In evaluating the options, DMPED determined that utilizing Bruce Monroe was the best option for Park Morton for the following reasons:

First, the site is large enough to build both replacement public housing units, to implement a build first strategy, and to produce other affordable and market rate units to create a true mixed income housing community. Second, the site is only five blocks south of Park Morton which means that residents will not be displaced from their neighborhood as a result of the redevelopment. And third, the land is under District control, which allows us to move swiftly and not expend more time or additional public funds acquiring and assembling smaller privately owned parcels. Together Bruce Monroe and Park Morton represent sufficient development potential to fully complete the Park Morton redevelopment plan while also meeting all the principles of NCI, one for one replacement, build first, mixed income and the right to return. This will be the District's first opportunity to meet all of NCI's goal within one project. The site located at 3012 Georgia Avenue NW was formerly the Bruce Monroe Elementary School which closed in 2008 as part of the city-wide school consolidation process. The site went through the mandatory request for offers for re-use of a charter school but the District did not receive any responses for schools. The school was demolished in 2008 and the District invested \$2 Million in improvements to create an interim park for community use on a temporary basis until the District revisited the sites redevelopment potential. In 2015, DMPED, DCHA, PDCP began communicating with Park Morton residents, the impacted ANCs and community organizations about the plan to use Bruce Monroe as the build first site as well as the overall plan for Park Morton. Since the fall of 2015, and continuing through the fall of this year, over fifty community or stakeholder meetings have been held to both engage the public in design workshops, receive feedback on the proposed master plan, and to continue to update stakeholders on development milestones. To date, both ANC 1A and 1B have adopted resolutions supporting the surplus and disposition of Bruce Monroe to be utilized as a build first site for Park Morton, and they've also passed resolutions in support of the pending planned unit development applications which were submitted to the Zoning Commission in May and are scheduled for hearings next week. The Bruce Monroe development program will create 273 residential units and 4,500 sq. ft. of community service space. This will include 90 replacement public housing units and 111 moderately affordable units, defined as at or below 60% of the area median income. All of these homes will remain affordable for the life of the 99 year ground lease. In addition, the District will retain site control of over an acre of the site in order to develop a quality permanent park that we believe will be more widely utilized and sustainable than what currently exists. We plan to engage in another community planning process focused on the park in early 2017. And, DMPED is committed to ensure that some portion of

the site will be available to the public for recreation use at all times during this development period. In addition to the 201 permanent affordable units being created at Bruce Monroe, the proposed development is expected to generate of \$9 Million in new tax revenue over 10 years and to create 448 construction jobs and 8 permanent jobs. In addition to the land, DMPED is anticipating an investment of \$37 Million in gap financing through the New Communities Initiative to achieve this plan. Bruce Monroe will be the first of a three phase development to complete the Park Morton plan. The second phase will include 148 homes, including 40 public housing replacement units along Park Road at the present Park Morton property. The third phase is comprised of 41 homes, including 17 replacement units. The Park Morton site will also feature a new ¼ acre public park, the extension of Morton Street from Georgia to Water, and a new street from Park past Morton Street. All together this redevelopment plan will produce 262 units of housing across both sites.

[Mendelson] You said 262, but it says 462.

[McHale] Excuse me, 462 – thank you. ... 462 units of housing across both sites, of which 147 will be deeply affordable replacement public housing units, and 155 newly created moderately affordable units will be added to the District's housing stock. In closing, granting the disposition of Bruce Monroe will be a significant milestone for the New Communities Initiative. Allowing the Park Morton development to proceed as envisioned with no involuntary displacement and true income diversity in all phases of redevelopment. The ability to integrate Bruce Monroe into the Park Morton plan presents our best opportunity yet to fully realize all of the core principles in the core communities in one development. Thank you for your time. We're here to answer questions.

[Mendelson]: Thank you. I guess I'll start with this... In your statement, Ms. McHale, you said near the end, "the third phase is comprised of 41 homes, including 17 replacement units." Where is that?

[McHale]: So, we are splitting up the development of Park Morton site into 2 phases. So the northern portion of the site is what we're calling phase 2, and that will include a multi-family building and some townhomes, and the 3rd phases is the southern portion of the existing Park Morton site, which will be comprised mostly of townhomes.

[Mendelson]: Excuse me for a second.

[Cheh]: We're switching gears... I'm going to ask the questions for the time being if you don't mind. Do you know how the Bruce Monroe came to be used as a public park? How did that happen?

[McHale]: So, in the analysis that DMPED did, after it was RFP'd out and no charter school took over or submitted a proposal, and after an RFP from DMPED was issued and no viable development was proposed, it was going to be a parking lot, but the community organized to create the park in the interim until it was determined what it's long-term use was going to be, and I think some of the testimony talked about that today.

[Cheh]: So it's not maintained or anything by DPR, right?

[McHale]: No, it is not part of the DPR inventory.

[Cheh]: Now as a park, what does it have on it... swings? stuff?

[McHale]: It's a large area that has 3 courts – 2 basketball courts and a tennis court. It has a community garden, a covered gazebo, and a playground area. Also, a parking lot and a lot of greenspace, and I believe...

[Cheh]: Who put all that stuff in there? (repeated again)

[McHale]: So, when it was determined that it was going to be an interim park the community rallied, I believe the former Councilwoman Bauser who's now our Mayor to invest ...

[Cheh]: oh, I know her... [laughter]

[McHale]: ...to invest \$2 Million to get those amenities on that site.

[Cheh]: Ok. Now, one of the things about this that some of the members of the community are concerned about is that there is not sufficient other park space nearby. What is the answer to that?

[McHale]: The answer is that Bannaker is less than ½ mile south along Georgia Avenue, and that's a full recreation center. There's also a recreation center at Parkview, which is nearly equa-distance, and then there is a grass garden called Wengarry(?) that just a few blocks to the east of the site.

[Cheh]: And, I also understand that children from the nearby Cesar Chavez School use *that* park for outdoor recess, is that true?

[McHale]: That's the first I've heard of that was at this hearing.

[Cheh]: Ok. And so, if that is true, then obviously you want recess access to be very nearby, and not ½ mile away, right?

[McHale]: Um, yes, and we are creating a park, so there will be a park at Bruce Monroe.

[Cheh]: Ok. So, are there any other unused or vacant spaces – you identified these other recreational areas – in the vicinity that could be converted either to park space, or, the other thing that has come about in emails to me, the question was put, “well aren't there other properties that could be converted into the housing for Park Morton other than this site?” Are there? Did you look at any?

[McHale]: We did. So, we looked at private land as well as public land...

[Cheh]: Right...

[McHale]: ...and the determination that we made was that Bruce Monroe provided the best opportunity for us to build at scale and near proximity. There were, I believe, 6 privately owned parcels that were examined and analyzed... excuse me, Angie is correcting me, it was 9... that ranged in square footage from 2,000 to, I believe, 18,000 – compared to Bruce Monroe it is 121,000 sq.ft. We would have needed to assemble multiple sites, and in fact, that is what has delayed the redevelopment of Park Morton since the approved plan in 2008, because the previously selected mass developer was unable to do the site selection, because assembling land is both costly and difficult.

[Cheh]: So, you looked at other places and you found them either inadequate space-wise or too expensive to put together, and in any event not proximate to Park Morton in a way that would make it agreeable to people that would get out for the purpose of that redevelopment. Right? And you looked at 9 other places?

[McHale]: 9 other private parcels and then the 2 public, excuse me 3 public parcels that we looked at were 1125 Spring Road, 965 Florida, and Kellie Miller Public Housing.

[Cheh]: Now, when you looked at and consider park space and the reduction of park space, is there some sort of master plan of green space, park space in the District, so that for example, if you're diminishing one area it's expanded in another area so that we don't lose green space. Is there any kind of calculation like that made?

[McHale]: I can say that the DPR did put out a playground analysis, and I believe it was produced in 2015. In that, Bruce Monroe was not perceived as a permanent park amenity in that analysis.

[Cheh]: But in that analysis is there something that there should be a park within a ¼ of a mile of everybody, or something like that, in the District. There's some benchmark that they identify, right?

[McHale]: I can't speak to that, I, I, I mean, I don't know if there is such a benchmark within.

[Angie Rogers]: Yeah, I'm not familiar with a benchmark that was set up but I will say that our planners were integral to our process when we were looking at which sites to choose as a build first site, and that included Bruce Monroe, so they were with us in that effort.

[Cheh]: The reason that I ask is because, you know, if you do things myopically and you focus on this, this and this, then you lose the big picture sometimes.

[Rogers]: Absolutely, you know, they were with us in that process with DPR as well and there was no indication from DPR that they had plans to take that on as a permanent site.

[McHale]: Oh, but I do want to stress that there will be, our plan is for there to actually be a park. People who have park access now outside their front door or within ¼ of a mile if it's at Bruce Monroe will still have that amenity.

[Cheh]: Ok. As you say, the remaining portion will remain a public park. Now, can you tell me what amenities have been added to the space, or will be planned for the space, or how are you going to fix that up for a park? What's planned for that? And, is DPR in on this?

[McHale]: So, we're going to be engaging in... we don't know yet, largely because we want to engage in a community planning process to determine all of the uses that are going to go onto that 1 acre. Earlier in the process the developer had initiated some preliminary designs with the landscape architect who estimated that we could have all of the uses but cut down the courts to one court. So, in early of next year – January/February of 2017 – DMPED and our development partner, with our District agencies with the DPR and the DGS will be kicking off a design process so the community can tell us what they want there.

[Cheh]: Is there money for that? And does it come out of these developers amenity pumices?

[McHale]: The park at Bruce Monroe will be a New Communities amenity, and as such will be funded by New Communities capital funds.

[Cheh]: So it'll be government money.

[McHale]: Yes.

[Cheh]: Do you know how much will be allocated for that?

[McHale]: We do not.

[Cheh]: Now, you're saying that this is going to happen. Where does it say that this is going to happen?

[McHale]: So, where I would, in the, we carved out 44,000 sq. ft. from the conveyance to the developer for this use. So the entire site is 122,000 (I believe) sq. ft. We are only conveying approximately 77,000. The resolution that you have before you specifies that 44,000 sq. ft. are not being conveyed and that they are intended to be used as a park.

[Cheh]: And then, according to the surplus documents about 100 people attended the public hearing on March 21st and the community reaction, there is at least a large number of residents who came out in opposition to the surplus of the land. I want to know how that input was, how that affected the decision to come forward. In other words, if a lot of people came out and said, “no no no,” how did you factor that in? Or, is it that you kind of just listened and then you moved forward anyway?

[McHale]: I’m going to ask Angie, the Director of the New Communities Initiative to respond to this.

[Rogers]: Sure, so there were, yes, a number of residents who came out and expressed concerns about the proposed project, or the proposed surplus, but we also had lots of residents who came out in support. We had been engaging the community about the Park Morton project overall since May of the previous year when I came on board as the Director of New Communities, and specifically about the proposal to use Bruce Monroe as part of the Park Morton redevelopment plan since October. So by the time we got to the surplus hearing we had had a number of community and stakeholder meetings and in the community we had gone through a public design charrette, and so the result we felt of all of that public engagement of the design charrette was that we were ready to put a proposal forward. That being said, this has been a really iterative process and so we have been looking in each of those forums, the surplus hearing, and forums that came afterwards, and various forums that we did with the ANC, to continue to get feedback to continue to refine the plan.

[Cheh]: Ok. I just have one more question. If this goes forward as it is, and half of it will be a park, and you’ve described something of what it might look like, again, I want real assurances that this is what will happen because that should be integral to the project. And then I want to know what happens in the meanwhile, in other words, if it’s being used as a park now, if it goes forward for half of it to be developed, what happens to the other half during this whole time until the project is completed? Is it off limits? Is it available? Is it too dangerous to play there?

[Rogers]: Our intention is that there always be some portion of the site available for park space through the redevelopment period. I think we need to get through the community design process early next year to determine exactly what that portion is going to be, answering the Chairman’s question from earlier, but essentially we will, when we close down the south half of the property to develop the permanent park, some portion of the north half of the property will be available for folks to continue to use as park space. And then the permanent park will open and then we’ll begin working on the north half for the vertical portion of the development.

[Cheh]: Ok, and DPR is in on all this, right?

[Rogers]: Yeah, we are in conversations right now with DGS and DPR, along with our development partners to plan for this design process that’s going to happen, and then the build, and the ongoing operation.

[Cheh]: Ok, thank you very much. Chairman?

[Mendelson]: Thank you Councilman Cheh. I’m going to ask some questions that might be repetitive, and I apologize, but as you might have noticed I had to step out of the room for a minute. I think all of you were present in the room for most of the testimony, and I’ve been getting a lot of emails from folks. There are a lot of folks in the neighborhood who feel that the public process was broken, and I wish I could simply pull one statement, it’s kind of pervasive throughout a number of statements. I’m looking at one email, “opportunities for community input which were facilitated by the developer were largely limited to comments focused on how to redevelop Park Morton and specifically excluded community opposition to using the park for development.” I don’t know, there are just a lot like that. And you

heard some of the testimony today. Where did we go wrong on this? And we went wrong at least on a standard that the community felt that it was not a fair process.

[Rogers]: Sure, and I think that, if I were to sort of speculate, and I've been on the ground with this from the beginning of it, that there is maybe some fundamental misunderstanding or maybe just fundamental disagreement about how the District proceeds with initiatives like new communities, versus how DMPED typically disposes of a public parcel. I have said this in numerous public meetings, and I understand that there are some people who are just going to disagree with it, but New Communities is an initiative and a stated priority of the District, and build first is one of the principles of that initiative, and it means that it is our responsibility to identify and locate these build first properties. We've done it ten times already on ten other sites across the District where we've gone out and identified these opportunities and worked with developers to create these buildings, to create these replacement units. I think there were some people who were looking at this as this is a piece of public property and you should always RFP that out to, you know, the developer with the best concept, and that is simply different from how New Communities works. New Communities does not work in isolation in that way.

[Mendelson]: But, and I don't know if this question is for you, but you're responsible for New Communities, so maybe I ask Mr. Sarosh Olpadwala The surplus process, which technically is why I was not here and Councilman Cheh was here, is one where there is supposed to be a legitimate inquiry. We have this property, we don't think we need it, so what could we use it for?, and I think there are a lot of folks who would say, I'm not going to speak for Mr. Olpadwala, but there are folks who would say, the way that should work is you say, I got this property, I think I might want to use it for this, but let's see, what should we use it for? Maybe that's not an RFP for proposals, but that is, I'm going to say, an honest inquiry, and I don't mean by that any insinuation, it's just an honest inquiry of how do we use this property. And instead, what I heard Ms. Rogers say was, and maybe this isn't exactly what you said but this is what I think the community feels, aahhh we've made a decision that we're going to use this for New Communities and now we'll go to the community and say, "how should we use it?" And do you want to add to that before they answer, because this is your area?

[Cheh]: No, but yes, I mean the whole idea about the surplus process that we've created, is that when there is a piece of property that the government feels that it wants to do something with, whatever, it first has to establish through community outreach... it first has to establish 2 things – whatever it wants to use it for, are there other higher better uses, or other uses that it could be used for, other needs, and then second, to go to the community and say, "look, we're thinking about doing this, but there may be other things that we could or should do, what do you all think?" That's the way it's supposed to work, and it's supposed to work in a sufficiently timely fashion that whatever feedback you get, which was the basis of my earlier questions, that you factor those in to the ultimate determination. And this didn't have that kind of a feel to it.

[Rogers]: Yeah, I'll let Mr. Olpadwala talk specifically about the surplus, but then I want to circle back and talk about, if you'll allow me, the process that we did do, we did have a process of community input before we selected...

[Cheh]: Sure, and this is on the Chairman's time, [laughter] so take your time and answer as fully as you need.

[Sarosh Olpadwala]: Ok, certainly, I think that to answer your question we do go through a surplus process and we did go through a surplus process in this case, and included in the surplus process is understanding whether there is other public uses, and we do work with our interagency partners, including in this case we did do that. In terms of not going through an RFP process, that's separate from

the surplus process. That's more on the disposition side. So, [Angie] if you want to talk about the New Communities.

[Rogers]: Sure, so basically what we did for New Communities in the last spring to summer, when I came on board I knew that we needed to identify a build first site, that we were not going to move Park Morton forward unless we did that. So we went out to the ANCs, to other civic groups, to Park Morton residents, to our agency partners, and basically put the call out and said we need to identify a build first site and here are the criteria that we are going to be looking at to assess what's a best site, and we tried to put that out there as broadly as we possibly could. We got recommendations back from community groups. We had developers who heard that we had put the call out there contact us about properties that they had in predevelopment. We did an assessment that went from Columbia all the way up to New Hampshire, of all of the vacant properties that were sort of in that stretch to determine what was available, and as a result of all the properties that we ended up on our list, the result of getting all of that feedback, in addition to what had been in the DCHA RFP, that was how we came up with the list of properties to examine for build first probability. So I add that to the notion that we sort of sprung this out, so October of last year is not exactly correct, we were out there, in the community, stating what our priorities were going to be looking for build first properties and getting that feedback from the community members for what we should be looking at.

[Cheh]: But that being so, you identify a particular property through that process and you have a particular aim with respect to it, but it sort of puts the cart before the horse in a sense that you then have to establish that there's no other use for it. You have a focus so that's where your head is, so that's fine, but then larger government has to answer the question, are there other governmental uses?, right?, and has to answer the question are there other uses that might rise up from the community for that parcel? And that seems to have been a subordinate aspect of this once it's identified as a build first site. Is that right?

[Rogers]: I'm assuming, and I'm not directly involved in this, but I know Mr. Opadwella is in this process for more narrowly-like formulizing how we conduct our surplus process, but we were assuming, or I was assuming, that the history that we had about this site with it having started as a school and going through the things that were required as a result of the land act, having passed through other agencies and then passing into DMPED's portfolio meant that it was going to be developed in some fashion.

[Mendelson]: Mr. Opadwella, you clearly had some thoughts in your mind.

[Sarosh Olpadwala]: Oh no I mean, I just wanted to cover...

[Cheh]: You know as you go through life it's important to keep just one thought in your mind.

[Sarosh Olpadwala]: I can speak to Angie's point, we are reviewing our surplus process at the urging of the Council, and we are looking at exactly your concerns, Councilwoman.

[Mendelson]: Well I think there are different perspectives on this issue, and what I mean by that is that we've been struggling, we the Council and Council member Cheh, have been struggling with how meaningful is this surplus process. That's one perspective, and the second is that we, two committees, are having a hearing and there are a lot of upset folks out in the community, and they're upset because they feel that the decision was made and then they were asked what they wanted to see done with the property, but the answer was already there. And that's a political problem, it's a political problem for all of us. I think the Mayor was out in the community a month or so ago and got her ear chewed off, and that's just to make the point that this is a political problem because of the way it was handled. My sense is that council members are not offended, but the idea of using part of the Bruce Monroe site for

replacement housing, but that doesn't change that the way this process, and that was my question, is that there are these complaints about how bad the process is. I want you to respond to the community here.

[Sarosh Olpadwala]: I think our team has done a very substantial job in reaching out to the community. Angie, Aimee and other folks on the New Communities team. As we said, over 50 meetings, they've been canvassing, they've gone out to the resident council, there's a steering committee, so I do acknowledge that there are concerns out there is disagreement, but in terms of the process I think we've run a very transparent and engaged process.

[Cheh]: Not to do this tag team thing, but it might be 50 meetings, and it might be very engaged, but it's engaged where the premise is already established — that's the problem. And so you can have all the engagement you want, but if the people who are being engaged have a different premise, and they don't have a full and fair outlet for what they think should be the premise, it's not, not adequate.

[Mendelson] I guess another way of putting that, and I don't want to belabor the point and I think that we are on the verge of doing that, but it's one thing to go to the community and say we're going to do build first at this site or if you call it replacement at this site, what do you want us to do with the property? It's another to go out and say, we think this is what we're going to do but we want to hear what you think, and then you get all these suggestions, and then you say, you know, we don't actually agree with these other suggestions, we still think that replacement is the best option. At least then I'm not hearing 4 hours of testimony on how the process was messed up. At least I don't think I am. I might be hearing comments about how it was the wrong choice, but not discussion about the process. So you're welcome to respond.

[Rogers]: So I think what you're hearing from us is that we welcome the work that is going to come forward, that is going to formalize what the process is, when certain things should happen, because I think if we look back over the history of this site, the things that should have happened, happened with it over a long period of time, but there was a process of seeing if there were offers for schools, seeing if there were other potential agency uses, and there were not, and so then it went into DMPED's pipeline, and the assumption has been, I think, at DMPED and out in the community that this site was going to be developed into something and not public use, per se. I think someone's testimony earlier today spoke about a community review that happened in 2014 that the Georgia Avenue Community Development Task Force had, and I think they have had several of them where Bruce Monroe has been a topic of conversation because the assumption has been that the site would be developed. So we, or at least New Communities picked up with it from the point of this is a site in DMPED's portfolio that is slated for redevelopment.

[Mendelson]: I'm going to shift the subject a little bit. I was actually surprised when the developer testified that the deal for the Bruce Monroe site is pretty much buttoned down, \$95 Million, \$37 Million from New Communities, the PUD applications have been filed. But when I asked, what about the Park Morton, there are two sides to this, unless you tell me I'm wrong, the economic equation for the developer involves two sites and that's not buttoned down at all. How much is it gonna cost? It hasn't been decided yet. How much government financing will there be? Hasn't been decided yet. I don't see how they're going to close on Bruce Monroe if we don't have Park Morton pinned down, buttoned down.

[McHale]: It's always been assumed that this was going to be a phased development, so it's one project in our mind because they're linked, Bruce Monroe and Park Morton because it provides the build first

site, but each of them are actual separate economic transactions. So you can close on Bruce Monroe without having phase 2 or phase 3 completed.

[Mendelson]: So I'm misunderstanding that the economics of Park Morton do not affect the economics of Bruce Monroe.

[McHale]: Correct, in fact there will be two, Bruce Monroe is two buildings so 2 transactions will be happening on Bruce Monroe. Simultaneously, all of this is going to be happening concurrently, in fact, after this hearing we are going to be going back and figuring out and finalizing what phase 2, the first phase of Park Morton is going to look like. But I do want you to know that these are all separate business transactions, and so one is not wholly dependent on the other.

[Mendelson]: So when you say business transaction, economically discreet?

[McHale]: Yes, they will have an investor, they will have separate loans and investments in each of them.

[Mendelson]: And separate balance sheets?

[McHale]: Correct

[Mendelson]: What is the government's contribution in regards to Bruce Monroe?

[McHale]: So the government's contribution on Bruce Monroe is \$37 Million in New Communities Initiative funding. It's around \$184,000 per affordable unit. There's 201 affordable units in there. The units will be affordable in perpetuity, for the duration of the ground lease.

[Mendelson]: And the ground lease is 99 years?

[McHale]: Correct.

[Mendelson]: Why is it a ground lease and not fee simple?

[McHale]: We opted to have it be a ground lease so we could maintain control to ensure long-term...

[Mendelson]: Is this a shift in DMPED's thinking? I would support it if it is, but is it?

[Sarosh Olpadwala]: I don't know if it's a shift but I do know that we try as much as possible to use ground leases wherever it's feasible in a project.

[Mendelson]: Ok because I think I had this conversation a year ago on the disposition of why wasn't it a ground lease, and I was told because you believe in fee simple, but I'm happy to hear this explanation. Also, why 99 years?

[McHale]: Uh, lawyers decided on it? [laughter]

[Rogers]: We wanted to get the most affordability that we can, and it couldn't be in perpetuity as I understood.

[Mendelson]: And the affordability is the duration of the lease?

[McHale]: Correct

[Mendelson]: And the lease is, did I remember hearing, is a dollar a year or what that a different project?

[McHale]: Right, so the developer will pay the nominal amount of \$1. Our investment, the \$37 Million, will be structured as a loan so they will make payments that will amortize and have a 40 year term, and payments will be based on available cash flow.

[Mendelson]: So the \$37 Million will be coming back to us?

[McHale]: It will require debt service, yes. They will need to repay the loan.

[Mendelson]: The \$37 Million?

[McHale]: Yes

[Mendelson]: Are they paying with interest?

[McHale]: We haven't finalized the loan agreement yet but it is assumed that the term will be for 40 years and it will have an interest rate of 3%.

[Mendelson]: And where does the money go? Does it go into a DMPED fund? or back to New Communities or into the general fund?

[Sarosh Olpadwala]: I believe it goes back to New Communities.

[Mendelson]: Will you double check that?

[Sarosh Olpadwala]: Yes

[Mendelson]: What about, Ms. Rogers, the 1/3, 1/3, 1/3 testimony?

[Rogers]: Sure, so, that is a guide that we start our negotiations with our developer partners with and it's not a hard and fast rule. And it's a guide that a lot of mixed developments across the country try to start with. I think what we have achieved with this development is somewhere close. I think at Bruce Monroe, we've got maybe 30% replacement public housing so not quite a third, but coming close. So, it's a guide, it's not a principle.

[Mendelson]: Ok, but a guide has value to it, so in your view are we messing things up?, over concentrating affordability in one site?

[McHale]: Because I want to correct some of inaccuracies that were presented in someone's testimony, which was mostly about that we are over concentrating again, and I think it's because there is a fundamental misunderstanding about what this moderate income is. Because the households that that is serving are working families. So for a 1 bedroom I believe the limit is \$40,000 (one person, one bedroom). For a family of 4 it's \$65,000. So these are working people.

[Mendelson]: That's like 80% AMI.

[McHale]: That's 60% AMI in the District of Columbia. DC AMI are the highest in the nation. The point I'm making is that just because we have public housing replacement units and moderate affordable replacement units, that are not in 1/3, 1/3, but for Bruce Monroe 25% are market rate and 75% are affordable, just because they are affordable doesn't mean that we are reconcentrating poverty. What I'm trying to explain is that the moderate income are for working households. Those are not poor households.

[Mendelson]: Ok. Evaluation – the assessed value for the property, highest and best use is?

[McHale]: The highest and best use was \$14.5 Million. That was based on the Integra – we had an appraisal performed this summer, based on existing zoning and 6 stories with retail frontage. That was the value determination that they came up with.

[Mendelson]: and that was only for the part of...

[McHale]: That was actually for the entire site. The appraisal that we had performed was for all of the land, so 122,000 sq. ft. and not just that portion.

[Mendelson]: Ok. Why 6 stories if zoning, if I understood the developer correctly zoning permits 9 stories, so why 6 stories?

[McHale]: Buy rate, it permits 6 stories. Part of the, the, the...

[Mendelson]: Mr. Binitie was very clear the PUD was for density and set back, not height, but you're saying height.

[McHale]: Based on the appraisal the buy rate that the appraiser determined was available was 6 stories.

[Mendelson]: And the value with the program?

[McHale]: The value with the program was negative, it was negative -\$62.9 Million I believe, and that was determined by analyzing the program that you're evaluating today, that's included in the LDA, with 40% of the land preserved as a park, with 201 units affordable, and the remainder market and the new street. So they evaluated the rental income and came up with a value of that and then subtracted the actual cost of making those improvements at the property, hence the negative value.

[Mendelson]: And that was for the entire site again?

[McHale]: That was for the program contained in the LDA, so that is for what we've all been talking about today, 40% as a park and the remainder being developed as a NCI program.

[Mendelson]: I'm going to turn to some of the testimony. This is Sylvia Robinson's testimony, "support the community's desire for a park, requiring the 44,000 sq. ft. that will require it remain a park in the DPR inventory.

[Rogers]: So Aimee gave an answer earlier that speaks to the sort of requirement that the 44,000 is going to be a park that's included in the legislation that's before you, and it's also assumed in our PUD application and lots of other places. So hopefully the intent there is clear, our anticipation is that we will have an agreement between the development team, DPR, and DGS for ongoing maintenance and operations at the park. And that's a part of the conversations that we're having now to determine what roles and responsibilities make sense for which parties.

[Mendelson]: Are you sure that the park is included in the PUD application?

[Rogers]: So, the park is not part of the PUD application, there's no zoning relief that's needed to create the park but the PUD application does assume the park on the 44,000 sq ft.

[Mendelson]: Yeah, that's not good enough. I don't mean that critically, I said that's not good enough. You know a PUD comes with a covenant at the end, and if the park is not part of the PUD application then there's no covenant that requires it be a park. So that means, and not that I think this is what's going to happen, but you could come back in a few years and say, "we want to develop that as well." Ms. Robinson's testimony, I think her intent was, ok if it's going to be a park then let's make it a park and

declare it a park and put it in DPR's inventory, and what I'm hearing is you're not looking to transfer it to DPR.

[Rogers]: I guess I'm not assuming it at this point because we are still in conversations between the agency partners and the development partner about what the agreement is going to be between all of us about the park space. So, I'm not assuming it at this point.

[Mendelson]: Ok, I'm not sure how to respond, and maybe that's a conversation between me and Councilmember Cheh, whether we want to see it convey, to transfer to the Department of Parks & Recreation.

[Rogers]: I mean, our assumption is that this is going to be a public park, and so we are having conversations with the agency partners about that and certainly will know more....

[Cheh]: That's why I said, where is it written? I'm a lawyer, I like to see it nailed down.

[Sarosh Olpadwala]: It's actually in the legislation, and it indicates that we will be using this 44,000 sq ft of land area for a park.

[Cheh]: That it would be dedicated for that purpose, so that as the Chairman said, in one year when you come back and say, well you know, we really want to develop that further, what assurances are there that this remains a park?

[Mendelson]: And actually, the legislation is a resolution, so I don't know how binding that is because, the resolution is binding to the extent that it speaks to the terms of the disposition, but if we're not disposing of the park portion then I think, or I don't know (I'll put it that way) I don't know if the resolution is binding. I guess it just comes down to if there is a commitment to the park, then the commitment needs to be more strongly evidenced.

[Rogers]: Yeah, I mean I think we're open to discussing what that vehicle might be. I think what we are trying to represent today are the conversations that we've been having with our agency partners about how to work this out. And, our assumption at this point is that there's going to be some sort of tri-party agreement on what the park portion will become and how it will be maintained, but if there are other vehicles for us to discuss I think we're open to that.

[Mendelson]: The other point from Ms. Robinson's testimony, "the employment opportunities on this project will be a significant benefit to the members of the community, particularly the residents of Park Morton. We would like to strengthen the first source agreements to ensure that the residents of Ward 1 are able to take advantage of these opportunities, that training is provided, and that compliance is monitored by an outside auditor." What do you say to that?

[Rogers]: I think we've had a conversa...so I think that's Ms. Robinson's testimony and she sits on our park board and steering committee. We've had conversations with our steering committee. We've had conversations with our other advocacy groups who have been advocating around this process. I think we are open to and want to see sort of hyper-local, if you will, hiring on this project. I think we have to work out exactly what that is, and New Communities is committed to working out exactly what that is.

[Mendelson]: Well, I think the testimony was suggesting you go above and beyond, and I think what I'm hearing from you is a commitment to, ensure that the opportunity is not necessarily to go above and beyond, you're still working on that.

[Rogers]: I think we need to work through what that is. I mean I don't want to put sort of empty promises out there and say, oh we're going to do, we're going to hire, you know, 10% of the

construction jobs are going to go to Park Morton residents. We are working internally with our service providers, with our development partners, to figure out how to bring this to fruition. We, you know, by virtue of this being New Communities and having a whole human capital component, this is something we are committed to. I don't think it would be prudent right now for us to sort of suppose, you know, like what the targets or what the goals might be because we're just not far enough along to tell.

[Mendelson]: I don't think I have any other questions for you, but you will get back with regard to the repayments, where the repayments go. That's for the New Communities loan.

[Rogers]: Yes, our anticipation is with the loan agreement, as other agreements have, would come back to council, but that would be...

[Mendelson]: No,

[Rogers]: Oh, where the money goes, ok.

[Mendelson]: That is going to conclude this hearing. Thank you all. Let me just kind of close this out.