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September 14, 2022

VIA IZIS

Zoning Commission for the
District of Columbia
441 4th Street, N.W., Suite 210S
Washington, D.C. 20001

Re: Z.C. Case No. 22-11 - Consolidated PUD and Related Zoning Map Amendment
807 Maine Avenue, SW (Square 439-S, Lot 15)
Applicant's Response to Letters in Opposition

Dear Members of the Zoning Commission:

On behalf of MCRT Investments LLC (the "Applicant"), we hereby submit the following responses to the letters filed in the case record in opposition to the above-referenced application for a Consolidated PUD and related Zoning Map amendment from the MU-12 zone to the MU-10 zone at 807 Maine Avenue, SW (Square 439-S, Lot 15) (the "Property").

COMMENT	APPLICANT RESPONSE
Inconsistent with the Southwest Neighborhood Plan ("SAP") and Comprehensive Plan. The proposed development is inconsistent with the SAP and the Comprehensive Plan. The SAP requires PUDs to have 20% affordable units. The SAP identifies the Property as low-density commercial.	As set forth in the Applicant's Statement in Support and Supplemental Prehearing Statement (Exhibits 3 and 28) and in the Office of Planning's ("OP") Setdown and Hearing Reports (Exhibits 14 and 35), the proposed development is not inconsistent with the SAP or the Comprehensive Plan. As it relates to more specific accusations of the project being inconsistent with the SAP, opponents incorrectly states that the SAP requires PUDs to have 20% affordable units. This statement is simply incorrect. First, Goal MC.5 of the SAP states that "[f]uture redevelopment of *District-controlled sites* should, at a minimum, require at least 20 percent of the units be affordable at varying levels of the area median income (AMI), preferably for longer than 20 years" (emphasis added). PUDs, on the other hand, are encouraged to "…prioritize affordable units *above the Inclusionary Zoning requirement* or fewer affordable units, but larger in size (e.g. three bedrooms)

ZONING COMMISSION
District of Columbia
CASE NO.22-11
EXHIBIT NO.53

The SAP prohibits a cascading wall effect on Maine Ave/M Street. The proposed development would be inconsistent with the SAP's vision of Southwest as a "Green Oasis."	to better serve families" and "exceed current Inclusionary Zoning thresholds for future development" *See* Goals MC.4 and MC.6 of the SAP. Since the Property is not a District-controlled site, it is not required to have 20% affordable units; rather it should, based on SAP guidance, provide affordable units above the IZ minimum requirement, which is 8% of the residential gross floor area ("GFA"). The proposed project does so by setting aside 15% of the residential GFA for IZ units as follows: • Approximately 1% of the residential GFA reserved for households earning up to 50% of the MFI; and • Approximately 14% of the residential GFA reserved for households earning up to 60% of the MFI. In addition, the PUD will include a mix of unit types, including studios, one-bedrooms, two-bedrooms, and three-bedrooms, including 16 three-bedroom units, which is consistent with the SAP's guidance in Goal MC.6 to provide larger sized units. Doing so is also a public benefit pursuant to 11-X DCMR § 305.5(f)(3). Of the 16 three-bedroom units being provided, four units (25%) are IZ units. As such, the benefits far exceed minimum IZ requirements and are consistent with the SAP. Project opponents also incorrectly state that the Property is designated Low Density Commercial on the Comprehensive Plan Future Land Use Map ("FLUM"). This assertion is based on Figure 2.4 of the SAP, which shows the Property as Low Density Commercial as of the date of the SAP, which was adopted in 2015. However, Figure 2.4 is labeled as a 2006 FLUM map, and as the Applicant has previously provided, the D.C. Council recently updated the FLUM for the Property during the 2021 Comprehensive Plan update to the mixed-use (Medium Density Residential / Medium Density Commercial) designation. This higher-density mixed-use designation was done pursuant to an extensive public Comprehensive Plan rewrite process, and was specifically changed to support the creation of a gateway into the community. *See* SAP Recommendation VC.9. The proposed rezoning from the MU-12 to the MU-10 zone is not inconsistent with the existing mixed-use Medium Density Residential and Medium Density Commercial FLUM designation. *See* OP Setdown Report (Exhibit 14, p. 7), stating that the "MU-10 zone would permit medium density mixed-

	use development with a maximum FAR of 6.0 and up to 7.2 for the provision of IZ units. The proposed zone would allow essential neighborhood-serving commercial uses and residential uses, including market rate and affordable dwelling units. The subject property's FLUM designation is equally consistent with the MU-10 zone and the MU-12 zone. The MU-10 zone would allow for additional density and would generate more affordable residential units." OP also found that the Property's Generalized Policy Map ("GPM") designation as a Neighborhood Conservation Area "allows for compatible redevelopment, including mixed-use buildings that are compatible with the existing scale, natural features, and character of the area, which would be supported by the MU-10 zone." *See* OP Setdown Report (Exhibit 14, p. 7). OP's Final Report (Exhibit 35) confirms this analysis. Opponents to the project further state that the SAP prohibits a cascading wall effect on Maine Ave/M Street. First, there is nothing in the SAP that prohibits a cascading wall effect on Maine Ave/M Street. Second, as shown on the Architectural Plans (the "Plans") (Exhibit 28A), the proposed project does not create any sort of "cascading wall" along Maine Avenue. Quite the opposite, the project has been designed to fully satisfy all of the SAP's Design Guidelines, including Principle #2, which is to promote variation in building frontages along streets with continuous massing. A detailed analysis of how the project complies with the SAP elements is included as Exhibit 28D, and a detailed analysis of how the project complies with each of the SAP's Design Guidelines is included at page 6 of Exhibit 28D. In accordance with the SAP, the proposed building design includes significant façade articulation, undulation, and a variety of material types, patterns, and colors, which will provide an interesting pedestrian experience. This combination of design strategies at the base and core of the building will produce a simple, integrated mixed-use building that actively engages the street and encourages pedestrian travel along the block.
<u>Traffic, Parking, Safety, and Noise Impacts; WMATA.</u> The proposed development would bring congestion, traffic, noise, and parking	The project will not result in negative impacts to traffic, parking, safety, or noise, as alleged by opponents to the project. Indeed, the project provides an appropriate amount of on-site parking for the proposed uses, includes a robust Transportation Demand Management ("TDM") plan to minimize any potential congestion or traffic generated by the project, and incorporates a high-quality pedestrian realm

problems, as the developer is planning to move access to its private drive that will negatively affect the traffic pattern at 7th Street, SW and I Street, SW. Exhaust from automobiles, buses and trucks is already a health hazard, and construction will bring additional noise, exhaust, dust, etc. The project would increase traffic conflicts at 9th and G Streets. The increase in traffic will pose a danger to students from Jefferson Middle School who are constantly crossing 7th Street and G Street. The project sits above WMATA's substation, but the Applicant has not provided any assurances that there will not be any danger to the immediate neighborhood and residents as they build alongside it.	design that meets DDOT's goals of supporting adjacent transit routes and minimizing impacts on the transportation network. The Property is surrounded by an existing network of transit, bicycle, and pedestrian facilities that creates an excellent environment for safe and effective non-vehicular transportation. As it relates to parking, the project includes 78 on-site parking spaces, which exceeds the minimum zoning requirements and will accommodate the proposed residential and commercial uses without resulting in the need for residents or visitors to park on the surrounding streets. The project also includes new bicycle facilities that exceed zoning requirements with the addition of a secure bicycle storage room with 84 long-term parking spaces as well as a minimum of 12 short-term bicycle parking spaces along the Property's frontage. The bike room will accommodate non-traditional sized bikes including cargo, tandem, and kids bikes, with a minimum of two spaces designed for longer cargo and tandem bikes, and a minimum of five spaces designed with electrical outlets for the charging of electric bikes and scooters. The project also includes the installation of a protected bicycle lane along the Property's 7th Street frontage between I Street and Maine Avenue, which will further improve the quality and attractiveness of active transportation to and from the Property. In the aggregate, these improvements will result in a project that does not negatively impact traffic, congestion, or parking in the immediate area. Further, the project will provide electric vehicle charging stations in the parking garage, thus encouraging environmentally-friendly travel options. As it relates to increased traffic congestion, the Applicant's transportation report (Exhibit 26) demonstrates that the project will not generate additional vehicle trips during the AM or PM weekday peak hours when compared to the existing office use at the Property, and will generate a nominal number of weekend trips. The DDOT report (Exhibit 34) agreed with the Applicant's trip generation analysis and supports the Applicant's proposed TDM Plan, which further supports the Applicant's position that the project will not exacerbate traffic, congestion, or parking problems in the neighborhood. More specifically, the project will not result in any impacts on the traffic flow along G Street at its intersection with 9th Street. First, the Property is not located adjacent to that intersection,

	and second, G Street is one-way, east-bound, such that vehicular trips originating at the project would have no reason to travel to this intersection, given the variety and availability of other streets in the vicinity of the project. The existing curb cut and driveway to 7th Street will be closed and restored to green space. The Applicant will install a new curb cut that will meet all standards provided in the Design and Engineering Manual (DEM). The new curb cut will be located farther to the south, thus providing a greater distance from the intersection of 7th and I Streets, which will result in a safer environment for pedestrians and bicyclists, including students walking to and from Jefferson. *See* DDOT Report (Exhibit 34, p. 1) stating that the "project will shift the existing driveway on 7th Street SW southward to provide safer spacing from the I Street intersection." Prior to obtaining a building permit, the Applicant will be required to submit a Traffic Control Plan ("TCP") for review and approval by DDOT. The Applicant will be required to abide by the TCP throughout construction of the project, which plan will provide for the safe and efficient movement of vehicles, bicyclists, and pedestrians through and around the Property during construction. The Applicant will also be required to comply with all applicable noise regulations in the District of Columbia (20 DCMR § 2700.1 *et. seq.*), which limit construction activity to Monday through Saturday from 7:00am to 7:00pm without any special permits, and will also be required to comply with the Noise Control Act, which further identifies maximum decibel levels for various sources. Moreover, due to the minimal impact the project will have on the transportation network, it is not anticipated that noise pollution will increase significantly as a result. Based on the foregoing, the proposed project will not result in negative impacts to traffic, congestion, parking, or associated noise that cannot be adequately mitigated. Regarding the safety of Jefferson students, there is presently a school crossing guard situated at the corner of 7th and I Streets, SW, who will ensure that students accessing Jefferson can do so in a safe and efficient manner. Moreover, as set forth above, the project will result in a decrease in weekday AM and PM peak hour traffic as compared to the existing office use, and will also relocate the curb cut to a location that is farther from Jefferson. Accordingly, the project will not result in

	increased traffic or vehicular trips that will pose a new threat to Jefferson students. In addition, the Applicant has committed to work with Jefferson and DDOT to determine the necessity of, coordinate implementation of, and pay for an additional school crossing guard at the intersection of 7th and I Streets, SW, during construction of the project. Should Jefferson find that there is a need for an additional crossing guard once construction is completed, one may be requested through DDOT. Regarding engagement with WMATA, the Applicant has coordinated extensively with WMATA throughout the development of the project. Any and all development within WMATA's "zone of influence" is required to be reviewed and approved by the agency prior to issuance of building permits. Accordingly, the project will be thoroughly vetted by WMATA to ensure that it does not propose any danger or negative impacts to its facilities.
Scale within Neighborhood Context; Property Values. The proposed project would be substantially out of scale with the surrounding residential buildings and the neighboring school. The approval of a sizeable residential building in an area zoned for low-density commercial changes the whole character of the north side of M Street, which was to be preserved as keeping within the character of the neighborhood. It becomes less attractive to current homeowners and reduces the property values, especially those within 200-feet. The Zoning Commission should consider that this proposed development is in	The height of the proposed building is consistent with the heights of adjacent residential buildings, such that the difference between the proposed 110 foot tall building and the existing adjacent buildings at 90, 100, 110, and 130 feet tall, will be practically imperceptible from the ground level. *See, e.g.* Sheet 006 of the Plans and prior analysis on this exact issue in the Applicant's Supplemental Prehearing Submission at Exhibit 28, pp. 10-13. The property is not "zoned for low-density commercial." As stated above, the Property is designated as Mixed-Use (Medium Density Commercial / Medium Density Residential) on the FLUM, and the Applicant's proposed rezoning to the MU-10 zone is not inconsistent with this designation. The Framework Element of the Comprehensive Plan expressly identifies the MU-10 zone as being consistent with the Medium Density Commercial designation. Accordingly, when taking the Comprehensive Plan Framework Element at face value, the proposed MU-10 zone and its associated maximum permitted height are not inconsistent with the Comprehensive Plan or the FLUM designations for the Property. In addition, the Property is not located on the north side of M Street. It is located at the corner of Maine Avenue and 7th Streets, which is several blocks to the northwest of M Street.

addition to Phase II of the Wharf, which will open in the Fall 2022. All these huge glass buildings are ruining our beautiful neighborhood. Allowing the development of very large and tall structures across the street from the Wharf would constitute over-development and would change adversely the current character of our community	Regarding property values, attached hereto as Exhibit A is a market analysis prepared by RCLCO Real Estate Consulting dated September 1, 2022 (the "Market Analysis"), regarding the impact of the project on property values in the neighborhood. The Market Analysis provides that owner-occupied home values increased by 119% in Tract 102, where the subject property is located, when comparing 2006-2010 data to 2015-2019 data. This is well above the average home value increase for the District overall, and occurred during a period when there was a significant increase in new rental apartment home deliveries. Accordingly, the project will likely result in increased property values, rather than decrease them, as alleged by project opponents. As it relates to considering the project in context with development of Phase II of the Wharf and other "large and tall structures," the Applicant notes that the Zoning Commission evaluates the impacts of a project against the provisions of the Zoning Regulations, and for consistency with the SAP and Comprehensive Plan. The Commission may approve a PUD application with or without modifications, including setting standards and conditions for height and bulk lesser or greater than the standards established for the affected districts. *See* 11-X DCMR § 300. As demonstrated in the Applicant's submissions at Exhibits 1-4, 16, 26, and 28 of the record, the subject application meets all standards for approval, as it (i) is not inconsistent with the Comprehensive Plan and with other adopted public policies and active programs related to the subject site; (ii) does not result in unacceptable project impacts on the surrounding area or on the operation of city services and facilities but instead will be found to be either favorable, capable of being mitigated, or acceptable given the quality of public benefits in the project; and (iii) includes specific public benefits and project amenities of the proposed development that are not inconsistent with the Comprehensive Plan or with other adopted public policies and active programs related to the subject site. The Applicant further notes that many of the letters in opposition are submitted by residents who are opposed to the subject application and Z.C. Case No. 22-06, which is located to the northwest of the Property. Many of the comments regarding building design and traffic do not apply to this project.

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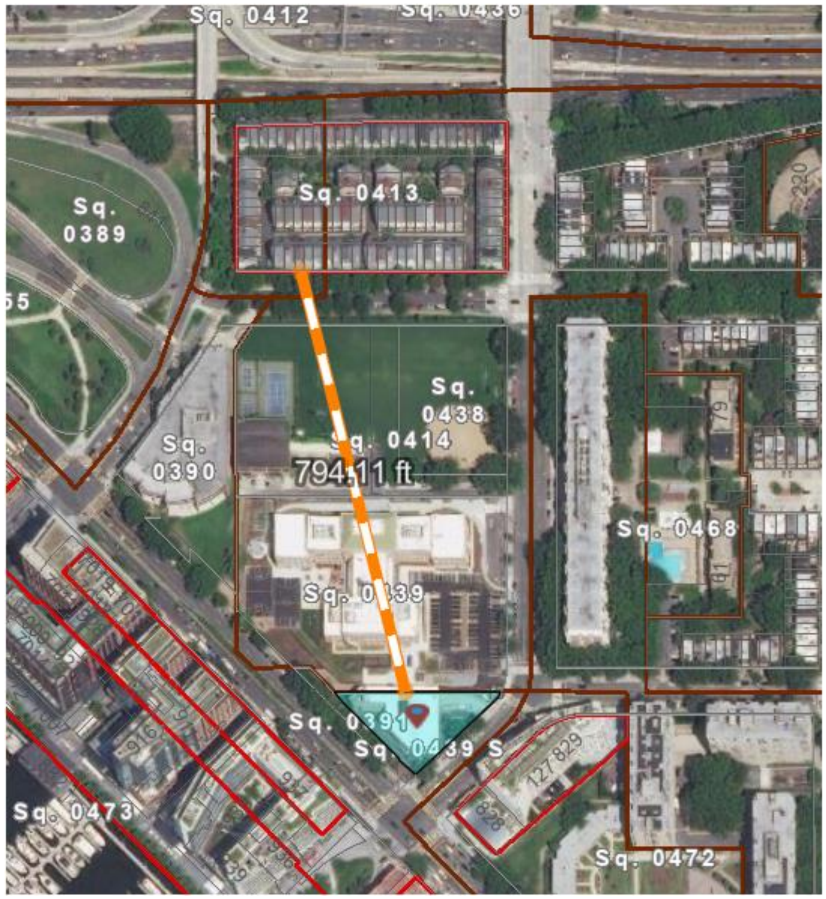
Moreover, as shown on map below, many of the residents raising such concerns are located on the north side of G Street, SW, which is over 790 feet from the Property.



Given the location of the project, it is not likely to have any impacts on the traffic conditions at 9th and G Streets, or create any other impacts on properties located on the north side of G Street.
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<u>Impacts on Jefferson Middle School</u>

The proposed development would block air and sunlight to Jefferson and reduce the amount of open space required by the current zoning.

Jefferson, which just went through a modernization and
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The project will not block light and air to Jefferson. As shown on the shadow studies included at Sheets 041-046 of the Plans (Exhibit 28), the proposed building casts minimal shadows on Jefferson, which shadows are cast only during winter months and are cast exclusively on the school's parking and loading areas, gym, and basketball courts. Furthermore, as shown on Sheets 044-046 of the Plans, there is no reasonably perceptible increase in shadows generated by the proposed 110-foot tall building compared to a 90-foot tall building.

In addition to having very minimal impacts, it is also well settled in the District of Columbia that a property owner is not entitled
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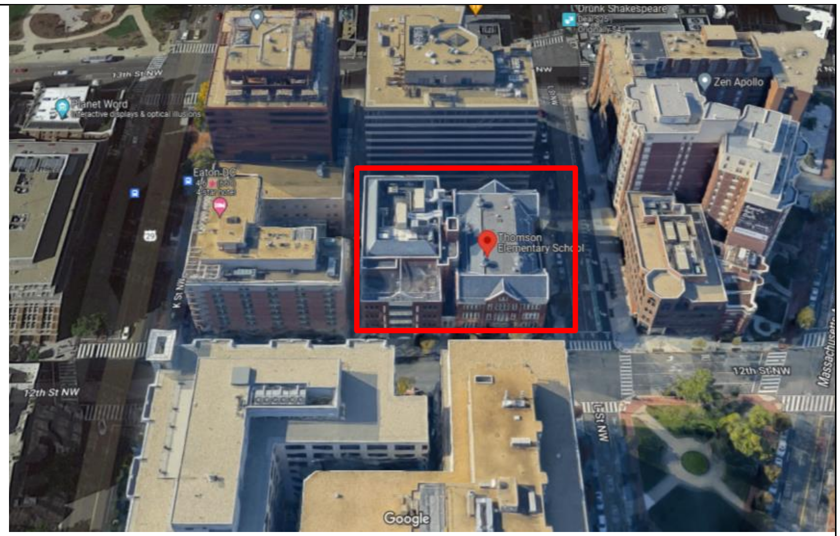
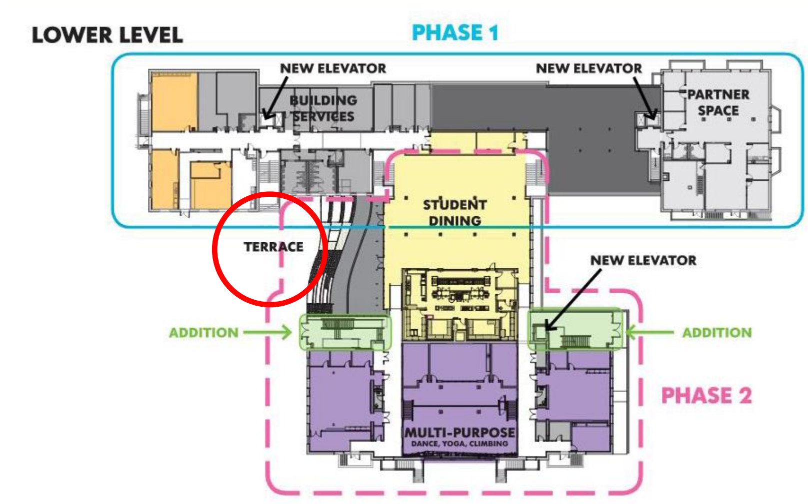
includes a redesigned cafeteria and outdoor courtyard, will be in direct sightline of the occupants of the building. The proposed buildings (Z.C. Cases 22-06 and 22-11) will surround Jefferson Middle School and Jefferson Field. Schools and parks should not be surrounded by buildings. The proposed project would be located directly on the property lines to the north and west of the neighboring school, making the school a less attractive choice for prospective parents, which could reduce its enrollment and funding.	to the unobstructed passage of light and air or a view over another's property without an express easement. *See Hefazi v. Stiglitz*, 862 A.2d 901, 911 (D.C. 2004). This rule flows from the basic principle that the "actual enjoyment of the air and light by the owner of the house is upon his own land only." *Id.*, citing Leonard A. Jones, A Treatise on the Law of easements § 573 (2003) ("Jones"). Indeed, no one "can claim a right to have the general current of air over his neighbor's property kept uninterrupted." *See* Jones § 576. No express easements exist in this case, and therefore Jefferson has no express or implied "right" to light or air that may be minimally impeded by shadows cast by the project during some points of the year. More to the point, Jefferson is located in an urban area where developments of greater height than the proposed project are visible from its grounds, including 110 ft. and 130 ft. tall buildings at the Wharf. It is also not unusual for schools in the District to be located in close proximity to taller buildings. For instance, Thaddeus Stevens Early Learning Center, located at 1050 21st Street, NW, and Thomson Elementary School, located at 1200 L Street, NW, are adjacent to 10 to 12 story buildings, separated only by alleys, rights-of-way, or yards. Other schools in the District are located in dense, urban settings, including Oyster-Adams Bilingual School, which is near an 11-story hotel and eight-story residential buildings. School Without Walls and Ross Elementary are also located in denser neighborhoods. Schools are an integral part of every community, regardless of density.  *Aerial image of Thaddeus Stevens Early Learning Center*



Aerial image of Thomson Elementary School

Aerial image of Oyster-Adams Bilingual School

As it relates to Jefferson's recent modernization, and the specific concerns raised regarding the school's cafeteria, there will be no adverse impacts caused by the project. First, the redesigned cafeteria referenced by project opponents is in fact in the basement of the building (see "student dining" in the lower level plan below), such that the project will have no impact on its use or enjoyment. Second, the referenced outdoor courtyard (circled in red on the floor plan below) is surrounded on three sides by the existing Jefferson building such that it will not be in direct sightline of occupants of the proposed project. Moreover, balconies have not been provided along the north building elevation out of privacy concerns for the school. Furthermore, as shown on the shadow studies described above, the project will cast shadows on the new outdoor terrace only during the noon hour and only during the winter equinox when children are not likely eating lunch outside.

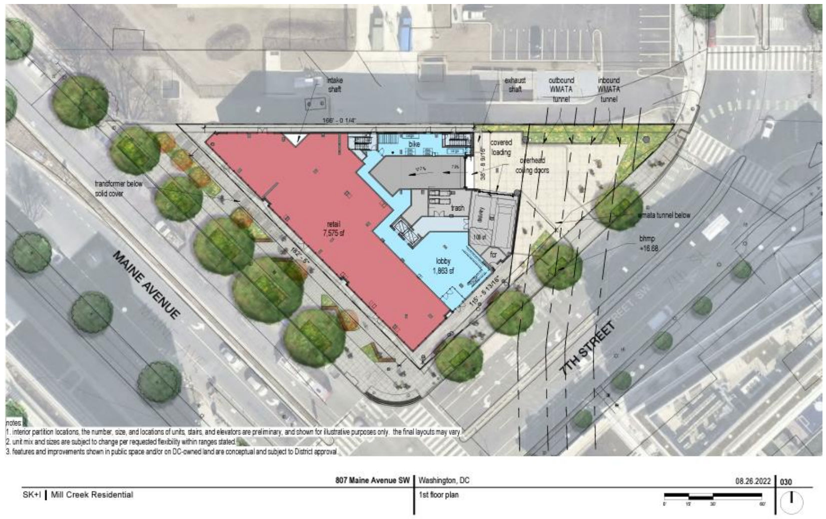


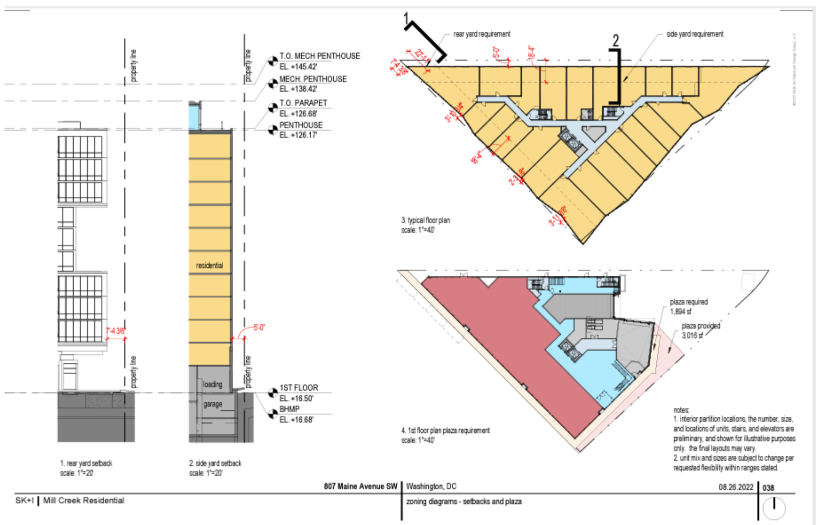
Moreover, there will be approximately 50-feet between the project and the school, which distance includes the parking and loading areas to the south of the gym. The project will not abut any outdoor sports or play areas.

Additionally, as part of the PUD's benefits package, in consultation with Jefferson, the Applicant has agreed to contribute $100,000 to Jefferson, which contribution will be used for supplementary curricular and educational resources and/or for educational field trips and excursions. The improvements and contributions associated with the project will benefit the school and community at large.

As it relates to lot occupancy of the Property itself, significant open space will be provided, particularly at the ground level.

See, e.g. Sheets 30 and 38 of the Plans (Exhibit 28, recopied below), which show significant setbacks and open space at the ground level of the project.





The landscape plans included at Exhibit 28 further demonstrate the significant open space along the perimeter of the Property, both in public space and in private space where the building is setback from the property line.

In addition, the Zoning Regulations permits a lot occupancy of 100% for non-residential uses, whereas the proposed building will provide a lot occupancy of 90.78%. Finally, pursuant to 11-G DCMR § 408.1, the project is required to provide a plaza area equal to 8% of the lot area, which would yield a requirement of 1,894 square feet. The purpose of the plaza requirement is to provide spaces in private development that serve as transitional spaces between streets or pedestrian rights-of-ways and the

	entrances of buildings. The plaza regulations are intended to ensure that such spaces are appropriately designed, including suitable lighting and landscaping. *See* 11-C DCMR § 1700.1. As shown on the Plans, the project includes a 3,016 square foot plaza, which is nearly <u>double</u> the requirement and has been designed to create a transitional, well-designed and landscaped space between the street and the building entrances.
<u>**Lack of Residential Demand in SW**</u>. There is no need for additional residential development in Southwest as current projects underway will deliver over 1,000 new residential units.	There is a considerable need for new housing, including affordable housing, in Southwest. Indeed, the Mayor's Order on Housing establishes a goal of producing 36,000 new homes, including 12,000 homes affordable to low-income residents, by 2025. The Housing Equity Report further indicates that the Planning Area in which the project is located needs to produce 850 affordable dwelling units in order to meet the production goal of 7,960 units by 2025. Accordingly, there is a severe need for more housing and affordable housing in this Planning Area, and the proposed project would further those goals. Additionally, as shown in the Market Analysis (<u>Exhibit A</u>) despite the increase in inventory in the Southwest/Navy Yard submarket, 90% of new units that have been added to the area since 2018 have been absorbed, and the market demand for new apartments will continue to increase to meet the supply of existing available and planned residential units in the area. Accordingly, there is still a significant demand for new housing in the immediate neighborhood, despite project opponents' statements to the contrary.
<u>**Generalized Comments from Residents North of G Street, SW**</u>. The plans to change the Zoning Regulations from MU-12 to MU-10 would allow a building that would cast a higher shadow that would remove sunlight from the park, tennis, pickleball courts, and my home.	The Applicant is not proposing to change the Zoning Regulations, but is rather seeking approval of a Zoning Map amendment and PUD, which is a process specifically contemplated by the Zoning Regulations. As stated above, many of the comments raised by neighborhood opponents are from residents living on the north side of G Street, SW, more than 790 feet from the Property. As such, the project will not cast any shadows on their properties.
<u>**Contribution to the Southwest Business Improvement District ("BID")**</u>.	It is standard practice to provide contributions associated with a PUD benefit to a BID to ensure such contributions are used for their intended purposes. *See, e.g.,* Z.C. Order Nos. 15-27, 16-10, 13-10. *See also* 11-X DCMR § 305.3, which permits

The Applicant's proposed contributions to the SWBID of $100,000 for a mobility study and $75,000 for an art installation are inappropriate. BIDs are Membership Organizations and are funded through self-imposed assessments on property owners within their BID borders. Even if the Applicant is not a current member of the SWBID, they will be -- and therefore their $200,000 contribution will essentially be to themselves.	monetary contributions to be made as part of a PUD so long as they are provided to a District of Columbia government program. Moreover, the Applicant would be providing the proposed contribution to the BID prior to the issuance of a Certificate of Occupancy for the project, whereas BID taxes would not be assessed until after the project is operational, based on the property value. Thus, providing a contribution to the BID prior to BID taxes being due, and prior to occupancy of the building, amounts to a pure additional benefit to the community.
<u>Gentrification.</u> The project will intensify gentrification in the District and in the Southwest neighborhood.	The project is fully consistent with the goals of the SAP, which calls for a mix of housing with a specific goal of retaining the neighborhood's 19% of subsidized units by exceeding IZ requirements in PUDs. As stated above, the project includes a significant amount of new housing and affordable housing, including affordable housing in an amount that substantially exceeds the amount required under existing zoning. As set forth in the Market Analysis, the rising demand for urban living could be met largely by <u>increasing supply</u>, and building new housing indirectly adds to the supply of housing at the lower end of the market. *See* Exhibit A, p. 9. Indeed, the rising housing costs in the area is primarily caused by market forces, including the constrained supply of housing in the neighborhood and increased demand for housing. Accordingly, increasing the supply of housing is one of the most effective ways to mitigate rising housing costs. *See also* Z.C. Order No. 20-14, p. 19, which states that "[w]hile the rents for the market rate units in the Project will be higher and the influx of new, more affluent residents may change the neighborhood's character and affect housing prices, the Commission still concludes that the Project's positives, namely the production of new market rate and affordable housing on a largely empty site, outweigh the potential negatives." The same logic is true in the present case, since the project will increase the overall supply of housing and of housing that is affordable to those at 50% and 60% of the MFI, which will put downward pressure on market housing prices. With 202 new residential units, of which approximately 30 will be affordable units, the project

	will help to increase the housing supply in the area, thus indirectly driving down housing costs overall. As stated above, the project is also fully consistent with the District's housing and affordable housing goals, as set forth in the Mayor's Order on Housing and the Housing Equity Report.
<u>Pet Waste.</u> The Applicant should manage pet waste so that residents are not walking their dogs and allowing them to relieve themselves on grassy areas in/around Jefferson.	Residents of the project will be expected to abide by all District regulations that require dog walkers to pick up dog waste. *See, e.g.* 24 DCMR § 900.
<u>Retail Concerns.</u> The project should not provide a restaurant in the retail space, lease to a retailer that sells alcohol, or to a retailer that is open in the evening. The retail space should be neighborhood-serving and affordable to neighborhood residents.	The project includes approximately 7,515 square feet of retail, which can be divided into a single or multiple retail spaces. The Applicant's goal is to fill space with neighborhood-serving retailers that will be affordable to Southwest residents and will not have any detrimental impacts on residents in the surrounding neighborhood or within the project itself.
<u>Trees.</u> The Applicant should preserve existing trees.	As set forth in the Applicant's Supplemental Prehearing Submission, prior to the issuance of a building permit for the project, the Applicant will submit and receive approval from DDOT's Urban Forestry Division of a Tree Preservation Plan ("TPP") for the existing street trees along Maine Avenue and 7th Street. A copy of the Applicant's proposed TPP is included at Sheet C09 of the Plans.

Sincerely,

HOLLAND & KNIGHT LLP

By: Kyrus L. Freeman

Kyrus L. Freeman
Jessica R. Bloomfield

cc: Certificate of Service
Joel Lawson, Office of Planning (via Email)
Karen Thomas, Office of Planning (via Email)
Aaron Zimmerman, DDOT (via Email)

CERTIFICATE OF SERVICE

I hereby certify that on September 14, 2022, a copy of the foregoing letter was served on the following via email.

1. Ms. Jennifer Steingasser
   D.C. Office of Planning
   jennifer.steingasser@dc.gov

2. Advisory Neighborhood Commission 6D
   c/o Commissioner Edward Daniels, Chair
   6D@anc.dc.gov
   6D07@anc.dc.gov

3. Commissioner Marjorie Lightman
   Single-Member District Representative
   ANC 6D01
   6D01@anc.dc.gov

Jessica Bloomfield

Jessica R. Bloomfield
Holland & Knight LLP

EXHIBIT A

RCLCO
REAL ESTATE CONSULTING

MARKET ANALYSIS ADDENDUM

MODERA MAINE AVENUE

WASHINGTON, DISTRICT OF COLUMBIA

Prepared for Mill Creek Residential
September 1, 2022

ABOUT RCLCO

Since 1967, RCLCO has been the "first call" for real estate developers, investors, the public sector, and non-real estate companies and organizations seeking strategic and tactical advice regarding property investment, planning, and development.

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REPORT AUTHORS

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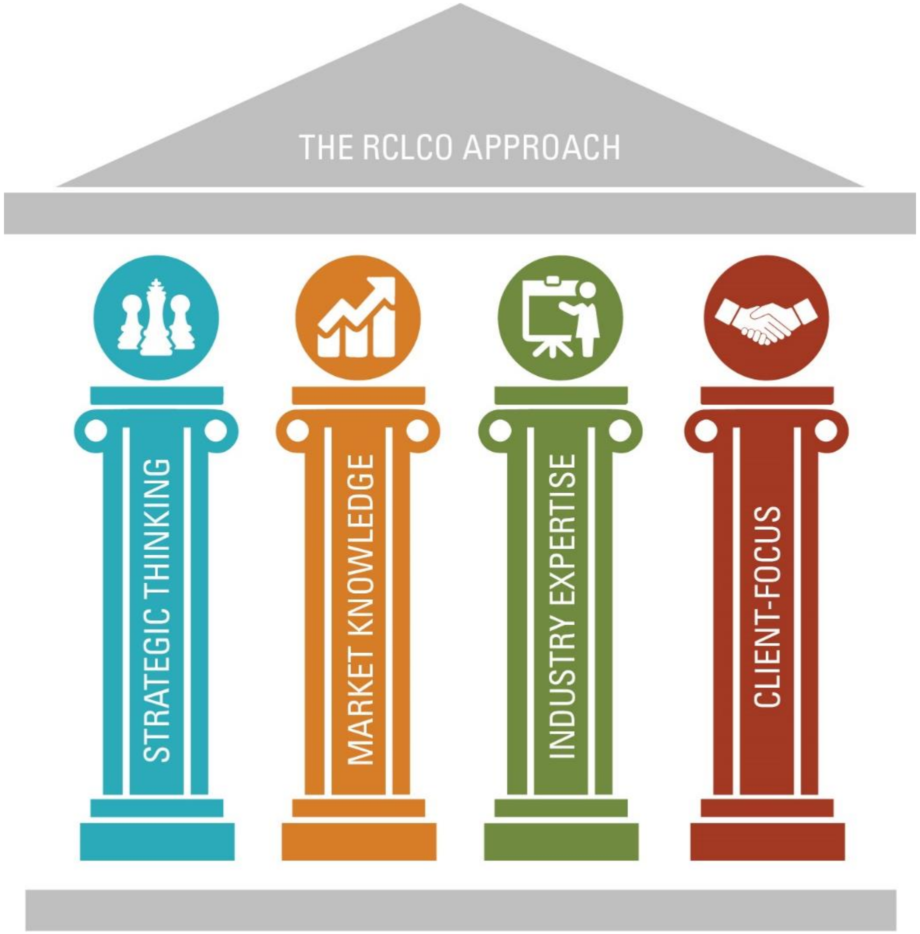


OBJECTIVES

Mill Creek Residential Trust LLC ("Mill Creek") is planning the development of Modera Maine Avenue, a rental apartment community located at 807 Maine Avenue ("subject site") located in the Southwest Waterfront neighborhood of Washington, D.C., across the street from The Wharf.

This addendum to the market analysis report completed in May 2021 is intended to address the following questions/issues:

- Is there a need for additional residential development in the Southwest Waterfront submarket?
- What impact, if any, is new development of apartments at the subject property likely to have on neighborhood property values?

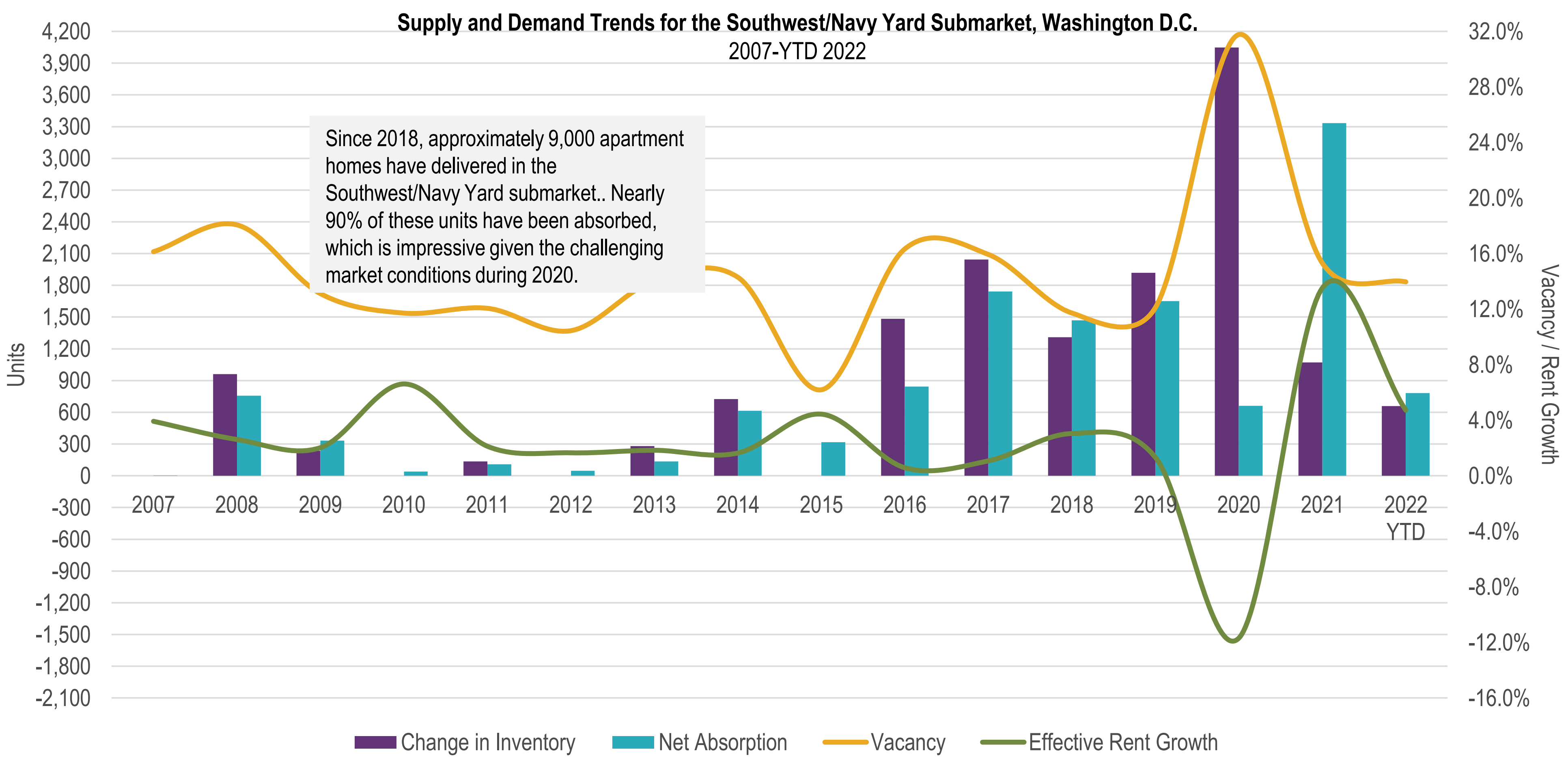
Site Plan for Modera Maine Avenue, May 2021;
Washington, DC

Image Source: Mill Creek

SUPPLY AND DEMAND

RENTAL APARTMENT SUPPLY/DEMAND CONDITIONS

- While it is true that there has been an increase in the number of new rental homes added to the Southwest/Navy Yard submarket in the District of Columbia over the past several years, the market has responded with a corresponding increase in the absorption of these new units. This is fairly typical of emerging residential locations elsewhere in the Washington, D.C., metropolitan region, and indeed across the country, where there is a temporary lag between the delivery of new apartment homes and subsequent absorption of these units into the market.
- Despite this increase in inventory, nearly 90% of the new units added to the market since 2018 have been absorbed. Furthermore, RCLCO forecasts that market demand for new apartments in the Southwest/Navy Yard submarket will continue to increase to meet the supply of existing available and planned residential units in this submarket.



KEY FINDINGS (CONT)

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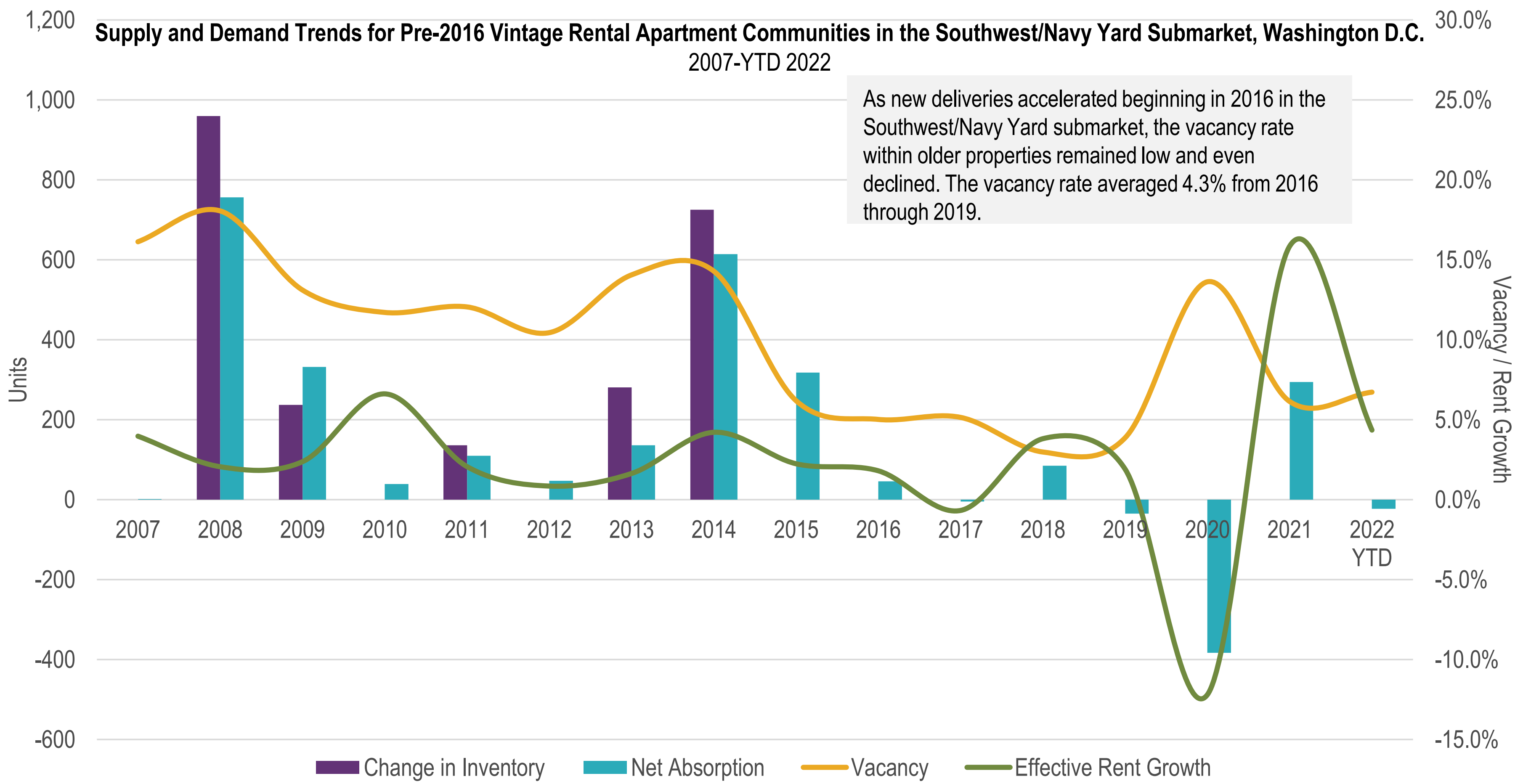
STABILIZED COMMUNITIES HAVE PERFORMED WELL

- Despite the recent increase in new apartment homes added to the submarket in recent years, existing older rental apartment communities (those built prior to 2016) in the market have performed very well.
- But for a challenging 2020 during the pandemic, and despite the increase in new inventory added to the submarket, the pre-2016 vintage component of the rental apartment home market has remained remarkably strong with healthy vacancy rates and rental rate escalations.



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FUTURE SUPPLY AND DEMAND TRENDS

- Looking forward over the next two years, the pace of new deliveries is expected to remain elevated with nearly 1,500 new apartment homes delivered in 2022, and nearly 2,000 new homes in 2023.

Rental Development Pipeline
Primary Market Area
May 2021

MAP KEY	PROJECT NAME	ADDRESS	CITY	STATE	DEVELOPER	EST. OPENING	TOTAL UNITS	2021	2022	2023	2024	2025+	N/A
	UNDER CONSTRUCTION												
1	The Wray	515 22nd St NW	Washington	DC	Insight Property Group	2021	158	158					
2	Europa	818 Potomac Ave SE	Washington	DC	MMg Development	2021	49	49					
3	Collection14	2114 14th St NW	Washington	DC	Madison Investments	2021	234	234					
4	Greystar Development II	861 New Jersey Ave SE	Washington	DC	Greystar	2022	460		460				
5	DC Crossing II	949 1st St SE	Washington	DC	Tishman Speyer	2022	411		411				
6	The Wharf Parcel 8	Maine Ave SW & 7th St SW	Washington	DC	Hoffman & Associates / Madison Marquette	2022	255		255				
7	1000 South Capitol Street Southeast	1000 S Capitol St SE	Washington	DC	Lerner Enterprises	2022	244		244				
8	Greystar Development I	861 New Jersey Ave SE	Washington	DC	Greystar	2022	240		240				
9	41 L Street Southeast	41 L St SE	Washington	DC	May Riegler Properties / MRP Realty	2022	126		126				
10	Gallery 64	65 I St SW	Washington	DC	Lowe / Mitsui Fudosan America	2023	489			489			
11	Eliot on 4th II	1000 4th St SW	Washington	DC	Hoffman & Associates	2023	456			456			
12	1800 Half Street Southwest I	1800 Half St SW	Washington	DC	MRP Realty	2023	344			344			
							3,466	441	1,736	1,289			
	PLANNED/PROPOSED												
13	1319 South Capitol Street Southwest	1319 S Capitol St SW	Washington	DC	Jefferson Apartment Group	2023	320			320			
14	1313 L Street Northwest	1313 L St NW	Washington	DC	Lincoln Property Company	2023	222			222			
15	The Ellis	1707 7th St NW	Washington	DC	Ditto Residential	2023	126			126			
16	631 P Street Northwest	631 P St NW	Washington	DC	High Street Residential	2024	230				230		
17	Scottish Rite Apartments	1733 16th St NW	Washington	DC	Perseus Realty	2024	150				150		
18	1800 Columbia Rd NW	1800 Columbia Rd NW	Washington	DC	Hoffman & Associates	2024	60				60		
19	1333 M Street Southeast IA	1333 M St SE	Washington	DC	Felice Development Group	2025	496					496	
20	The Yards Parcel I	N St SE & First St SE	Washington	DC	Brookfield Properties	2025	379					379	
21	Former Cotton Annex	300 12th St SW	Washington	DC	Douglas Development Corporation	Not Available	615						615
22	The Yards at DC Water	125 O St SE	Washington	DC	Brookfield Properties	Not Available	600						600
23	The Yards Parcel H	N Pl SE & First St SE	Washington	DC	Brookfield Properties / Ironstate Development Company	Not Available	500						500
24	Audi Field Parcel B	S St SW & First St SW	Washington	DC	Hoffman & Associates	Not Available	400						400
25	Former Capitol Building Supply	113 Potomac Ave SW	Washington	DC	Toll Brothers	Not Available	400						400
26	JBG Smith Development II	M St SW & Half St SW	Washington	DC	JBG Smith	Not Available	371						371
27	1800 Half Street Southwest II	1800 Half St SW	Washington	DC	MRP Realty	Not Available	356						356
28	Former DPW Trash Transfer Station	K St SE & New Jersey Ave SE	Washington	DC	Not Available	Not Available	322						322
29	JBG Smith Development I	M St SW & Half St SW	Washington	DC	JBG Smith	Not Available	317						317
30	Waterfront Station East	375 M St SW	Washington	DC	Brookfield Asset Management	Not Available	309						309
31	1333 M Street Southeast IB	1333 M St SE	Washington	DC	Felice Development Group LLC	Not Available	307						307
32	Waterfront Station West	425 M St SW	Washington	DC	Brookfield Asset Management	Not Available	296						296
33	Meridian on First II	1000 First St SE	Washington	DC	Paradigm	Not Available	275						275
34	100 V Street Southwest	100 V St SW	Washington	DC	Akridge	Not Available	250						250
35	Blagden Alley	917 M St NW	Washington	DC	Rooney Properties / Saul Urban	Not Available	123						123
36	Former Westminster Presbyterian Church	400 I St SW	Washington	DC	Bozzuto	Not Available	99						99
37	1333 M Street Southeast II	1333 M St SE	Washington	DC	Felice Development Group LLC	Not Available	97						97
38	1250 U St NW	1250 U St NW	Washington	DC	EastBanc	Not Available	106						106
39	Greenleaf Gardens Redevelopment	203 N St SW	Washington	DC	Pennrose / EYA / Bozzuto	Not Available	1,283						1,283
							9,009			668	440	875	7,026

Source: CoStar; Axiometrics; RCLCO

DEMAND EXCEEDS SUPPLY

- However, structural demand for net new apartment homes in the submarket are expected to exceed 2,300 units per year on average, which means that there will be an excess of 1,100 apartment homes demanded each year over the next two years compared with the expected deliveries.

Southwest/Navy Yard
Supply/Demand Trends: 2022-2023

Year	New Inventory	Structural Demand	Over/ (Under) Supply
2022	1,496	2,308	(812)
2023	1,957	2,308	(351)
2-Year Total:	3,453	4,616	(1,163)

Annual Multifamily Renter Demand for New Units by Age and Income
Primary Market Area
2020-2025

INCOME	AGE: UNDER 25	25-34	35-54	55-64	65+	TOTAL
UNDER $50,000	82 4%	109 5%	21 1%	9 0%	21 1%	**242** **10%**
$50,000 - $74,999	84 4%	141 6%	46 2%	19 1%	24 1%	**313** **14%**
$75,000 - $99,999	85 4%	238 10%	66 3%	15 1%	15 1%	**420** **18%**
$100,000 - $149,999	87 4%	362 16%	99 4%	34 1%	19 1%	**601** **26%**
$150,000 AND OVER	59 3%	435 19%	174 8%	45 2%	19 1%	**732** **32%**
TOTAL	**397** **17%**	**1,286** **56%**	**405** **18%**	**123** **5%**	**97** **4%**	**2,308** **100%**

Source: Esri; American Community Survey PUMS; RCLCO

KEY FINDINGS (CONT'D)

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NEW HOUSING IMPACT ON AFFORDABILITY

- The development of new housing, generally, is important given that imbalances between supply and demand can lead to increases in housing prices and rents. Historically, the amount of new rental apartment construction in the district has had a measurable—and, from the perspective of renters, favorable—impact on rent growth.
- Academic studies and articles written from a wide range of political perspectives are increasingly finding that the addition of new housing of all types and price ranges is one of the key steps that can be taken to mitigate rising housing prices and rents.
- The Legislative Analyst's Office ("LAO") of the California Legislature has conducted extensive research and analysis on this topic, and concluded:
- As market-rate housing construction tends to slow the growth in prices and rents, it can make it easier for low-income households to afford their existing homes. This can help to lessen the displacement of low-income households. Our analysis of low-income neighborhoods in the Bay Area suggests a link between increased construction of market-rate housing and reduced displacement .
- The LAO explains the causes of this phenomenon as follows:
  - Lack of supply drives high housing costs.
  - Building new housing indirectly adds to the supply of housing at the lower end of the market in multiple ways.
  - Housing generally becomes less desirable, and therefore less expensive, over time, with some middle-income households typically moving out of older housing, thereby making it available for lower-income households.
  - Lack of new construction can slow this process.
  - New housing construction eases competition between middle- and low-income households.
  - More supply places downward pressure on prices and rents.
- Richard Florida, a leading urban planner at the University of Toronto, states that:
  - We've long known . . . that restrictive land use and building codes in cities limit housing construction (and therefore housing supply), leading to increased costs, worse affordability problems, and deepened inequality in urban centers[1].
- And Jason Furman[2], the chairman of President Obama's White House Council of Economic Advisors, states that:
  - Basic economic theory predicts—and many empirical studies confirm—that housing markets in which supply cannot keep up with demand will see housing prices rise.
- Other economists making the same point range from Edward Glaeser[3] of Harvard University writing for the Cato Online Forum to liberal economist Paul Krugman. Krugman poses the question of why gentrification is happening so much in iconic U.S. cities, and one of his key answers is:
  - Rising demand for urban living by the elite could be met largely by increasing supply. There's still room to build, even in New York, especially upward. Yet while there is something of a building boom in the city, it's far smaller than the soaring prices warrant, mainly because land use restrictions are in the way[4].

NEW HOUSING IMPACT ON AFFORDABILITY

- John Mangin, writing in the Stanford Law and Policy Review, summarizes what he describes as "uncontroversial among urban economists":
  - Underlying both of these phenomena—high housing costs in the suburbs and high housing costs in the cities—is a relatively straightforward problem of supply and demand. As demand to live in a particular suburb or city outstrips the existing housing stock, two things can happen: more housing gets built to meet the demand, or prices get bid up to ration the existing stock[5].
- As Matthew Yglesias explains in an article titled "Halting Construction Is a Terrible Way to Fight Gentrification":
  - When you have enough construction, you get filtering rather than gentrification. Lower-income people move into dwellings that used to house rich people but that aren't shiny and new anymore and don't have the most up-to-date fashions. When you don't have enough construction, you get rich people moving into poor people's houses and installing granite countertops[6].
- Evan Mast reaches a similar conclusion in a 2021 study that examines 52,000 residents in new multifamily buildings across 12 large cities, the previous addresses of those residents, the current occupants of those previous addresses, the previous addresses of those current occupants, and so on for six rounds[7]. In this study, Mast determines that "constructing a new market-rate building that houses 100 people ultimately leads 45 to 70 people to move out of below-median income neighborhoods, with most of the effect occurring within three years". This finding led Mast to conclude that, assuming a symmetric relationship between reducing demand and increasing supply, the delivery of this market-rate building that houses 100 people can be interpreted as equivalent to adding 45 to 70 depreciated units in below median-income neighborhoods.
- In the District specifically, RCLCO observes a beneficial relationship between new housing production and housing affordability. In recent years, the amount of rental apartment construction in the District has had a measurable impact on limiting the ability of properties to push rents, with rent growth generally being lower in years with substantial apartment deliveries. From 2010 to 2020, annual rent growth in the District was very highly correlated with the number of apartment units delivering in the District and the level of employment growth occurring in the broader metropolitan statistical area (r = 0.91). This analysis suggests that, barring periods of limited job growth, rent growth tended to be highest in years with less apartment development and lowest in years with more apartment development.
- The same trend occurred in the Southwest/Waterfront/Navy Yard area, where these variables were even more correlated during the same time period of 2010 to 2020 (r = 0.94). During this period, the only years during which rent growth in the Southwest/Waterfront/Navy Yard area exceeded 3.0% were years in which no new apartment units delivered, while the four years with the lowest levels of rent growth were also the four years with the greatest number of new deliveries. Together, these trends illustrate that—rather than fueling increases in average apartment rents—new apartment development can actually help limit the extent of those increases. For more information, please see Exhibit 2 and Exhibit 3.
- These findings are further supported by recent, District-specific academic literature that analyzes the impact of supply additions in the District from 2000 to 2018 in conjunction with the Mayor's 2019 Housing Initiative. As Bethel Cole-Smith and Daniel Muhammad posit in this analysis, "if the delivery of the markedly large number of new apartment units in recent years had not occurred, average city apartment rents may have been 5.84 percent higher in 2018.[8]" Further, Cole-Smith and Muhammad emphasize the need for continued deliveries going forward, stating, "if the planned increase in new additions . . . does not occur, then average city apartment rents are estimated to be 5.53 percent higher in 2025." The new supply of units at the Proposed Development will help to mitigate this projected increase in rents.

KEY FINDINGS (CONT'D)

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FOOTNOTES

1. Florida, R. (2016). How Zoning Restrictions Make Segregation Worse. *The Atlantic Citylab*.
2. Furman, J. (2015). Barriers to Shared Growth: The Case of Land Use Regulation and Economic Rents. Remarks to the Urban Institute.
3. Glaeser, E. (2014). Land Use Restrictions and Other Barriers to Growth. Cato Online Forum.
4. Krugman, P. (2015). Inequality and the City. New York Times.
5. Mangin, J. (2014). The New Exclusionary Zoning. Stanford Law & Policy Review.
6. Slate Moneybox, April 4, 2013.
7. Mast, E. (2021). JUE Insight: The Effect of New Market-Rate Housing Construction on the Low-Income Housing Market. Journal of Urban Economics.
8. Cole -Smith, Bethel and Muhhammad, Daniel. (2020). The Impact of an Increasing Housing Supply on Housing Prices. p. 2. Office of Revenue Analysis. District of Columbia Government.

HOME VALUES

KEY FINDINGS

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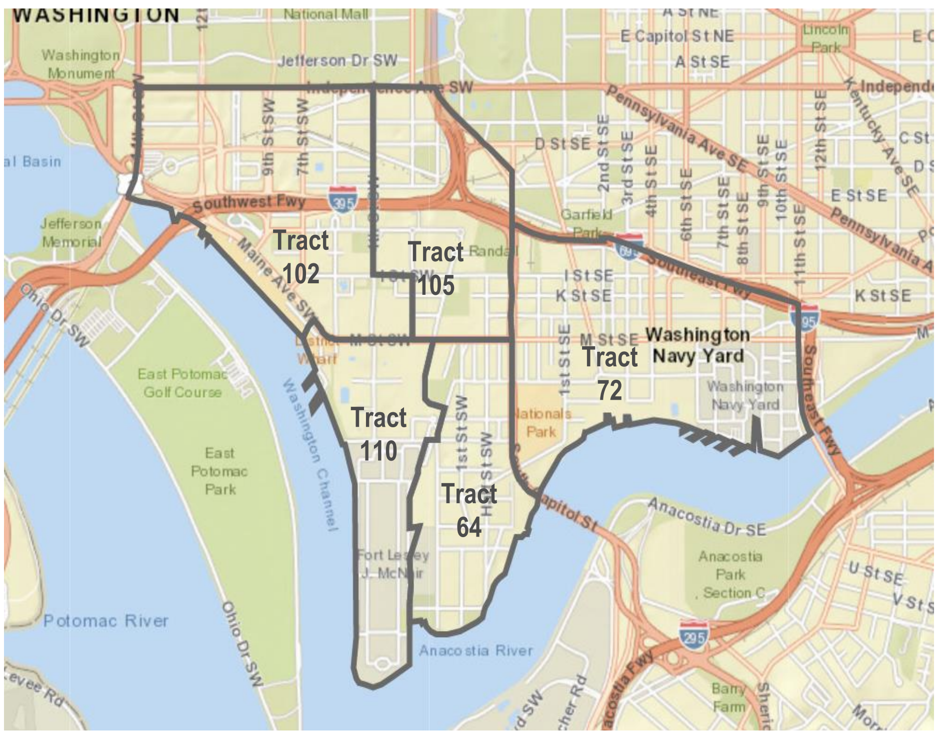
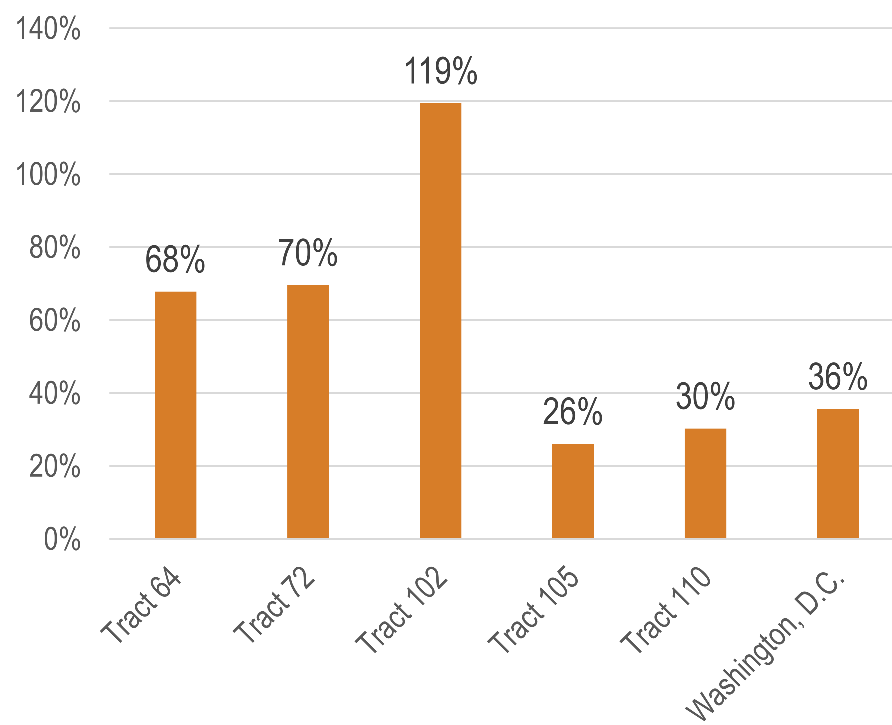
PROPERTY VALUES

- While an increase in housing inventory in emerging markets has demonstrated an ability to moderate price escalations and preserve affordability longer than in those emerging markets that are not adding new homes, there is no evidence to support the notion that adding new rental apartment homes, in general, nor at the subject property, in particular, will cause a decrease in neighboring property values.
- In fact, looking at five-year U.S. Census American Community Survey (ACS) data from 2015-2019 and comparing it to five-year ACS data from 2006-2010, owner-occupied home values increased by 119% in Tract 102 (where the subject property is located), well above the average for the District of Columbia, and during a period when there was a significant increase in new rental apartment home deliveries.

Census Tracts in Southwest/Navy Yard Submarket
2021



Change in Median Owner-Occupied Home Value
2006-2010 to 2015-2019



DISCLAIMERS

CRITICAL ASSUMPTIONS

Our conclusions are based on our analysis of the information available from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

We made certain assumptions about the future performance of the global, national, and local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and real estate markets continuously and to revisit the aforementioned conclusions periodically to ensure that they are reflective of changing market conditions.

There are considerable mixed signals regarding the health and future direction of the U.S. economy and implications for the real estate industry. This underscores the notion that stable and moderate growth patterns are historically not sustainable over extended periods of time, the economy is cyclical, and real estate markets are typically highly sensitive to business cycles. Further, it is particularly difficult to predict inflection points, including when economic and real estate expansions will end, and when downturn conditions return to expansion.

Our analysis and recommendations are based on information available to us at the time of the writing of this report, including the likelihood of a downturn, length and duration, but it does not consider the potential impact of additional/future shocks on the national and/or local economy, and does not consider the potential benefits from major "booms" that may occur. Similarly, the analysis does not reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology. As such, we recommend the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, any project and investment economics included in our analysis and reports should be "stress tested" to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause unacceptable levels of risk or failure.

In addition, and unless stated otherwise in our analysis and reports, we assume that the following will occur in accordance with current expectations by market participants:

- Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth)
- Availability and cost of capital and mortgage financing for real estate developers, owners and buyers
- Competitive supply (both active and future) will be delivered to the market as planned, and that a reasonable stream of supply offerings will satisfy real estate demand
- Major public works projects occur and are completed as planned

Should any of the above change, this analysis should be updated, with the conclusions reviewed accordingly (and possibly revised).

GENERAL LIMITING CONDITIONS

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co." or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.

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