

**Exhibit F**

**DMPED Letter, dated October 12, 2012, Z.C. Case No. 02-38C, Ex. 12**



GOVERNMENT OF THE DISTRICT OF COLUMBIA  
 Executive Office of the Mayor  
 Office of the Deputy Mayor for Planning and Economic Development



October 12, 2012

**By Hand Delivery**

Zoning Commission for the District of Columbia  
 c/o District of Columbia Office of Zoning  
 441 4<sup>th</sup> Street, N.W., Suite 210S  
 Washington, D.C. 20001

RECEIVED  
 D.C. OFFICE OF ZONING  
 2012 OCT 16 AM 9:03

Re: **Zoning Commission Case No. 02-38C**  
**Requests for Extensions of Time (ZC Order No. 02-38A)**

Dear Members of the Commission:

On June 21, 2012, the District of Columbia (“District”) submitted a Request for Extension of Time for First-Stage PUD Approval of Northeast Building (also referred to as the “District Parcel”), now known as Zoning Commission Case No. 02-38C. At its public meeting on September 24, 2012, the Zoning Commission (“Commission”) considered the District’s request and indicated that additional information would be helpful in the Commission’s consideration of the District’s request. In response to the Commission’s discussion of the District’s request and as a supplement to the District’s statement of “good cause” for granting an extension of the First-Stage PUD for the District Parcel, the District offers the following for the Commission’s consideration:

***(1) The District’s commitment to the development of significant affordable housing on the District Parcel provides good cause for the granting of the requested extension.***

As was noted in the District’s initial extension request, the proposed development of the District Parcel (as approved by the First-Stage PUD) provides for a significant number of affordable housing units, characterized by exceptionally deep levels of affordability.<sup>1</sup> Provision of significant affordable housing, particularly for households at lower AMI levels, continues to be an important goal of this development and has been the driving force behind the delayed schedule prompting this request.

To explain further—weakened real estate and housing market conditions during the period beginning in 2008, along with the cost implications of the required affordability on the District Parcel have heretofore rendered financing development of the District Parcel infeasible and have been the basis for the District’s decision to delay development of the District Parcel. Based on the ongoing analysis and judgment of the Office of the Deputy Mayor for Planning and Economic Development (“ODMPED”) since it assumed responsibility for this project, the District has determined that delaying development of the District Parcel as a result of recent financial and housing market conditions has been

<sup>1</sup> As noted in its initial request, the District has recorded a Land Use Restriction Agreement (“LURA”) against the District Parcel, which requires a portion of the affordable housing to be development to be affordable to household below 50% of the area median income (“AMI”).

ZONING COMMISSION  
 District of Columbia  
 CASE NO. 02-38C  
 EXHIBIT NO. 12

necessary in order to ultimately achieve the development of the District Parcel without (a) compromising its affordability goals or (b) requiring public subsidy beyond potentially available sources.

Because any sources of District-controlled public subsidy (beyond reduced land cost) available for the development of the District Parcel, such as the Housing Production Trust Fund, are limited, a choice to attempt to utilize these sources to develop the District Parcel would necessarily deprive other projects of these same resources. Further, based on available information, ODMPED has determined that the real estate and housing market in the sub-area of the District Parcel is on an upward trend. These factors have led ODMPED leadership to conclude that, when balanced against the commitment to deliver outcomes for the surrounding neighborhood within a reasonable timeframe, a brief delay in developing the District Parcel until it can be financed on the basis of its inherent land value (i.e. without additional subsidy) has been in the best interest of a *citywide* goal of providing maximum affordable housing across all parts of the city.

***(2) The District is committed to advancing development of the District Parcel and the granting of the requested extension is both necessary to accommodate the District's unique development process and beneficial to ensuring delivery of public benefits.***

Notwithstanding prior delays for the reasons discussed herein and in the District's initial extension request, the District remains committed to developing the District Parcel in accordance with the PUD. However, because of the unique nature of the District's development process, which includes competitive solicitation of a development partner and a thorough public review and Council of the District of Columbia ("Council") approval process, even if the process for development of the District Parcel were to begin prior to the expiration of the First-Stage PUD, there would not be enough time to complete the process prior to expiration of the First-Stage PUD. With this in mind, based on its current analysis of the District Parcel and the ODMPED development pipeline, ODMPED plans to begin its search for a development partner by the end of the first quarter of calendar year 2013 (March 2013)<sup>2</sup>. Based on this target, ODMPED would anticipate selecting a development partner by the close of 2013 and proceeding with the development of the District Parcel (including submission of a Second-Stage PUD application) thereafter, well within the timeframe of the requested First-Stage PUD extension period.

In addition to the fact that the requested extension is necessary to accommodate the realistic timeline for development of the District Parcel, the District believes that extension of the First-Stage PUD provides the most logical and efficient vehicle to ensure that the overall Waterfront Station project and the associated public benefits are delivered as soon as possible and in full accordance with the PUD.

***(3) The District has, and will continue to, work with the surrounding community on the use and development of the District Parcel.***

---

<sup>2</sup> Within this time period, the ODMPED will complete its due diligence to prepare for its solicitation process, including preparing a Request for Proposals (RFP) document requiring a number of District agency reviews. An ODMPED project manager has already been assigned to this task.

Prior to the Commission's initial hearing on this request on September 24, 2012, the District met with ANC-6D ("ANC") Commissioners and committed to exploring how it could address their concerns related to the District-controlled site. As stated in their resolution pertaining to this matter, the ANC expressed that they would like to see (1) a currently muddy path that diagonally bisects the site to be paved, allowing for more convenient pedestrian thru-access and (2) consideration of temporary site activation, including but not limited to the establishment of a community garden.

Following that meeting, the District took preliminary steps to determine the feasibility of fulfilling the ANC's requests by identifying necessary agency partners and working to establish associated costs. Additionally, the District facilitated a meeting between the Washington DC Economic Partnership and the firm responsible for leasing of other space as part of the Waterfront Station development to aid in recruiting retail tenants, a stated desire of the ANC; a statement of those actions were transmitted to the ANC Commissioners via email prior to their September 10, 2012 meeting.

Following the Commission's September 24, 2012 hearing on the extension request, the District has continued to pursue the actions requested by the ANC. Specifically, the District (1) has identified the District agency that would be responsible for paving the path, (2) has identified the cost of paving the path, and (3) is currently identifying sources of funds for paving the path with the intent of taking this action. As this project moves into a solicitation and development process, the District will continue to work on addressing the concerns of the local community, including exploring options for interim use of the District Parcel that do not interfere with the successful and timely execution of development.

Thank you for your consideration of this request.

Sincerely,



Victor L. Hoskins

Deputy Mayor for Planning and Economic Development

cc: Senthil Sankaran (ODMPED)  
Ethan Warsh, Project Manager (ODMPED)  
Joseph Lapan (OAG)  
Jennifer Castor (OAG)  
Matt Jesick (OP)  
Christine Shiker, Holland & Knight  
Andy Litsky, Advisory Neighborhood Commission 6D  
Paul Greenberg, Tiber Island Cooperative Homes, Inc.  
Con Hitchcock, Hitchcock Law Firm PLLC  
Board of Directors, Carrollsburg Square Condominium Association