

June 28, 2016

VIA HAND DELIVERY

Anthony Hood, Chairman  
D.C. Zoning Commission  
441 4<sup>th</sup> Street NW  
Suite 210S  
Washington, DC 20001

Re: Application for First Stage and Consolidated Review and Approval of a Planned Unit Development at Fourth Street and Rhode Island Avenue, NE (Square 3629, Lots 7, 813 and 814 ("Subject Property"))

Dear Chairman Hood:

The Zoning Commission held public hearings on the above-referenced application on May 19, 2016 and May 25, 2016. At the close of the hearings, the Zoning Commission requested that the Applicant respond to comments that were raised during the hearings and continue to meet with both the ANC and the party in opposition, Edgewood West. Accordingly, attached hereto and summarized below is the requested information.

**Coordination with ANC 5E and Edgewood West**

The Applicant continued to meet with both its Single Member District representative and Edgewood West after the May 25 hearing date and the attached plans reflect modifications made as a result of those meetings. The first modification is to the height of the buildings along 4<sup>th</sup> Street. Edgewood West requested a maximum height for Buildings 3 and 4 for their frontage on 4<sup>th</sup> Street. Accordingly, Blocks 3 and 4 will still have a maximum height of 90 feet; however, they will both step down to a maximum height of 65 feet along 4<sup>th</sup> Street. See updated massings in Exhibit D.

Edgewood West also requested additional open space in the site plan. As a response to this comment, the Applicant is increasing the open space for Block 3 from 13,385 square feet to 30,750 square feet of open area. This addresses the desire for more open space generally, but also provides the open space on the western end of the site plan, which helps balance the open space already proposed for the east side of the Project. This open area more readily relates to the existing neighborhood west of 4<sup>th</sup> Street and provides a closer opportunity for passive recreation for those residents. See updated site plan in Exhibit D.

Both the ANC and Edgewood West requested modifications to the construction management plan; accordingly, the attached CMP reflects those modifications. These changes largely concern the desire for through access to the MBT during construction of Phase I. While the Applicant cannot commit to providing through access during construction, it does commit to hosting community meetings throughout construction to provide regular updates on the status of access and to provide through access as soon as feasible. It is the Applicant's intent to provide through access from 4<sup>th</sup> Street to the MBT prior to the completion of construction, if feasible. Exhibit A is the updated construction management plan, which is redlined against the version entered into the record as Exhibit 71.

Both the ANC and Edgewood West requested that the Applicant enter into a Memorandum of Understanding regarding the future programming of open spaces within the PUD. In response to this request, attached as Exhibit B is the requested MOU.

The ANC Single Member District representative, as well as the representative for CPDC, the owner of the property to the north of the PUD, requested additional coordination regarding the location of the eastern stair connection between the PUD and CPDC's property. After meeting with CPDC, the Applicant modified the location of the stair on CPDC's property; the updated location is depicted in the plans attached as Exhibit D.

Finally, the Applicant modified its affordable housing proffer in response to comments from the ANC. At the time of the hearing, the Applicant proposed reserving 8% of the residential gross floor area of the entire PUD for affordable housing. 50% of the affordable units would be reserved at the 50% AMI level, while the remaining units would be reserved at the 80% AMI level. As explained in more detail below, the Applicant has adjusted the set aside for the Stage I portion of the Project. The Applicant will still reserve 8% of the residential gross floor area for affordable housing; however, 5% of the residential gross floor area will be reserved for households with an annual income no greater than 50% AMI and 3% of residential gross floor area will be reserved for households with an annual income of 80% AMI. Phase I (Blocks 1A, 1B and 5B) will still reserve 8% of the residential gross floor area for affordable housing: 4% of the residential gross floor area for Phase I will be reserved for households with an annual income no greater than 50% AMI and 4% of the residential gross floor area of Phase I will be reserved for households with an annual income no greater than 80% AMI. Additional details of the affordable program are provided below.

The Applicant presented a modified affordable housing proffer at its public meeting on June 21, 2016. The ANC voted in support of the application contingent on increasing the affordable set aside to 14% of the residential gross floor area for units at the 60% AMI level. As noted below, the Applicant cannot meet the requested set aside of 14%; however, it can increase the amount of square footage reserved for the Stage I portion of the Project for 50% AMI units from 4% to 5%. While the Applicant could propose an alternative set aside at the 60% AMI level that the ANC requests, it understands that such a set aside is not supported by the Office of Planning. Accordingly, the Applicant is structuring the affordable program to be consistent with the AMI levels supported by the inclusionary zoning program.

**Affordable Housing**

At the public hearing on May 19, 2016, the Applicant proffered that 4% of its residential gross floor area would be set aside for households with an annual income no greater than 50% of the Area Median Income (“AMI”). Another 4% of its residential gross floor area would be reserved for households with an annual income no greater than 80% of the AMI. Though this proposal had the support of the Office of Planning; the Zoning Commission, as well as the ANC, asked the Applicant to reconsider its affordable housing proffer so that more units are offered at deeper AMI levels. The Applicant has since revised its proffer, as noted in item no. 1 of the benefits and amenities list attached as Exhibit C (this list is red-lined against the list presented at the public hearing and entered as Exhibit 70). The proffer remains unchanged for Phase I of the development (Buildings 1A, 1B and 5B): 4% of the residential gross floor area in Phase I will be reserved for households with an annual income no greater than 50% AMI and 4% of the residential gross floor area of the residential gross floor area in Phase I will be reserved for households with an annual income no greater than 80% AMI. The remaining phases, including Buildings 2A, 3, 4, 5A and 6 (Building 2B will be a movie theater and will not include residential gross floor area), will reserve 5% of the residential gross floor area for households with an annual income no greater than 50% AMI and 3% of the residential gross floor area for households with an annual income no greater than 80% AMI.

The Applicant is proposing a different proffer for Phase I of the PUD because this phase requires significant expenditures on other benefits provided in the Project, including re-grading of the site, creating a public park, creating a public plaza, improving the area adjacent to the Metropolitan Branch Trail, creating a grid of streets, paving a bicycle lane, and constructing a connection between the Property and Edgewood Commons, the property to the north. This work is expected to cost approximately \$20,000,000. Given the significant sum that the Applicant is already dedicating to the benefits incorporated in Phase I, its affordable proffer will remain at 4% of the residential gross floor area to be reserved for households with an annual income at 50% AMI and 4% to be reserved for households with an annual income at 80% AMI. The remaining phases of development will incorporate the enhanced proffer for affordable housing.

The Commission suggested looking at proffers made recently for PUDs located in Ward 6; to that end, the Applicant looked at affordable housing proffers made in the last two years for approved PUDs located in Ward 6. Below is a chart summarizing this information:

ZC Case No. (ANC)	Map Amendment	Affordable Proffer
Case No. 14-14 (6C)	HS-H/C-2-A to HS-H/C-2-B	8% @ 50% AMI
Case No. 14-19 (6C)	C-M-1 to C-3-C	1.4% @ 50% AMI 6.6% @ 80% AMI
Case No. 15-05 (6D)	R-5-B to C-3-A	4% @ 50% AMI 6% @ 80% AMI
Case No. 15-07 (6C)	NA	1% @ 50% AMI

		1% @ 60% AMI 6% @ 80% AMI
Case No. 15-12 (6B)	R-4 and C-2-A to C-2-B	3.2% @ 50% AMI 4.8% @ 80% AMI
<b>Case No. 15-16 (5E) (instant case)</b>	<b>NA (proposing 670,000 sf less density than permitted as a matter of right)</b>	<b>Phase 1:</b> 4% @ 50% AMI 4% @ 80% <b>Subsequent phases:</b> 5% @ 50% AMI 3% @ 80% AMI

The proposed affordable program is consistent with, if not more generous than many of, the programs approved for Ward 6 projects, particularly considering that the instant project does not seek a map amendment and is proposing significantly less density than is permitted on-site as a matter-of-right.

**Architecture**

Attached as Exhibit D is a full and complete set of plans. At the public hearing, the Zoning Commission requested additional renderings, information regarding landscape treatments, and reconsideration of materials. More specifically, attached is the following information:

- Renderings of the Project, as viewed from Edgewood Commons, 4<sup>th</sup> Street, from the south side of Rhode Island Avenue, and views between Buildings 1A and 1B. These renderings incorporate the revised massing along 4<sup>th</sup> Street, which steps Buildings 3 and 4 down to 65 feet along 4<sup>th</sup> Street. These renderings also confirm that the views of the Project from Edgewood Commons will be largely masked by the tree buffer between the properties. The view of the Project from the south side of Rhode Island Avenue confirms that the proposed height is entirely appropriate for the project’s context of being adjacent to a major transportation artery, public transportation options, and given the grade challenges of the site;
- Renderings that depict the proposed retaining wall and shows how it relates to the Edgewood Commons property as well as the MBT. These sheets also provide details regarding the plantings in the terraced areas of the retaining wall and the treatment of the sloped area;
- New information regarding the materials for Building 1A and the replacement of the previous black brick with a warmer, burgundy iron spot brick;
- A rendering of Bryant Street between Buildings 1A and 1B, demonstrating the opportunities for activity along the roadway; and

- A section of the buildings west and east of 4<sup>th</sup> Street. The Applicant has agreed to a maximum height of 65 feet along 4<sup>th</sup> Street in response to comments from Edgewood West. The attached section depicts the stepping down of the building height for Blocks 3 and 4 to 65 feet along 4<sup>th</sup> Street.

In addition to the renderings, the Commission requested additional information regarding the drive aisle circling around Building 1A. The Applicant studied the drive aisle to determine if narrowing its width would provide an opportunity for additional green space on the east side of the Property. As a result of its analysis, the Applicant determined it could not narrow the proposed width of 20 feet because 20 feet is the minimum width required by Fire and Emergency Services for fire access to the building. As such, no modifications are proposed for the drive around Building 1A; instead, the Applicant made the modifications to Block 3 noted above in order to incorporate additional green space in the Project. With respect to the use of drive aisle, it will serve two-way traffic and the Applicant will police its use through the management who will be on-site for Buildings 1A and 1B, as well as the on-site security guard. Vehicles will not be permitted to park or loiter on the drive; any vehicles that do so will be told to move by management.

## **LEED**

The Applicant previously committed to certifying the Project at the LEED Silver level; it now modifies that commitment and will certify the Project at the LEED Gold for Homes Mid-Rise level. An updated LEED checklist is attached in Exhibit D.

## **Construction Management Plan**

The Applicant has modified its construction management plan to incorporate language requested by Single Member District representative Williams and the Edgewood West party. An updated version of the plan is attached as Exhibit A. As noted above, though the Applicant cannot commit to providing access through its property to the MBT and Metro stairs during construction of Phase I, the Applicant is committing to maintaining through access on the MBT itself. The Applicant is also committing to quarterly meetings with the community to provide updates on the status of construction.

## **Phasing**

The Commission requested that the Applicant memorialize its testimony regarding phasing in its written post-hearing submission. The flexibility requested in the PUD Application in timing and phasing is required in order to properly design, finance, construct and stabilize a large, multi-phase project featuring 1,500 units and 300,000 SF of retail. The Applicant's timeline is phased so that it avoids delivering too many units to one submarket at a time. Doing so would seriously degrade new unit leasing velocity as the project would be leasing against itself on renewals, requiring substantial concessions.

Any timeline that the Applicant creates must also allow for the stabilization of one phase before a bank will finance a second phase (in order to ensure that they can properly underwrite the risk and performance of the retail and residential units).

Below is an example schedule, provided for illustrative purposes, that would allow the Applicant to stabilize each phase before breaking ground on the next. This example is for the purpose of expounding upon the Applicant's request for a ten year approval for the Stage 1 PUD and should not be construed as the proposed construction and phasing schedule:

Phase 1 – Building 1A/1B/5B

PUD Approval – 2016  
Break Ground – 2017  
Deliver Building – 2019  
Stabilize – 2021

Phase 2 – Building 2B (Theater)

PUD Stage 2 Approval – 2017  
Break Ground – 2018  
Deliver Building – 2019  
Stabilize – 2019

Phase 3 – Building 2A/3

PUD Stage 2 Approval – 2020  
Break Ground - 2021  
Deliver Building - 2023  
Stabilize - 2025

Phase 4 – Building 5A/6

PUD Stage 2 Approval - 2024  
Break Ground - 2025  
Deliver Building – 2027  
Stabilize – 2029

As demonstrated by the above timeline, a ten year period for the Stage 1 approval for the remaining phases of development is appropriate.

**Employment Program**

The Applicant will be working with the Workforce Investment Council (“WIC”) to facilitate workforce development services related the PUD. The Applicant agrees to invest \$200,000 to support District resident jobseekers near the development in accessing employment opportunities in the construction of the Project. The Applicant will partner with the WIC to ensure the funds are used effectively and that existing District-supported training resources are leveraged effectively to support the Project.

The WIC is the state and local workforce development board for the District of Columbia established under Title I of the Workforce Innovation and Opportunity Act (WIOA) and it is responsible for advising the Mayor, Council, and the District government on the development, implementation, and continuous improvement of an integrated and effective workforce investment system. The WIC agrees to assist the Applicant with advice on the community benefits expenditures related to workforce development to help ensure that they are well aligned with broader workforce development efforts and effectively leverage and partner with other resources in serving the needs of District jobseekers; identifying relevant District-supported workforce development service providers and facilitating connections that help well qualified District resident jobseekers access opportunities on the project; and providing data on the local labor market and District jobseekers in the construction sector.

In turn, the Applicant agrees to consult with the WIC on its community benefits expenditures related to the development to help ensure that they are well aligned with broader workforce development efforts and effectively leverage and partner with other resources in serving the needs of District jobseekers; providing information on hiring needs and skill requirements for employment opportunities related to the development that may be helpful in planning workforce activities and identifying District residents that may be well suited for employment opportunities on the project; and designating a staff member or other project representative to serve on the WIC's construction industry advisory committee, which helps inform the District's broader workforce efforts and ensure District business and jobseeker needs are met in this sector.

## **Conclusion**

The Applicant has modified the Project in a meaningful way in response to comments heard at the public hearing and from the community. The proposed PUD sets forth a well thought out development plan that will benefit the existing community and will transform an underutilized parcel of land adjacent to a transit station. The Applicant has made significant progress with the community and the enclosed proposal reflects the results of months of work in communicating and coordinating with immediate neighbors. The Applicant believes the final development program, which requires the PUD process only for the proposed height (the proposed density is 670,000 square feet less than what is permitted under the matter-of-right zoning), is a superior proposal and looks forward to continued coordination with the community on future Stage 2 applications.

Sincerely,



Christine Roddy

Certificate of Service

I certify that the enclosed document was sent to the following addresses on June 28, 2016, by either first class mail or hand delivery:

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Christine Roddy