

# Holland & Knight

800 17th Street, Suite 1100 | Washington, DC 20006 | T 202.955.3000 | F 202.955.5564  
Holland & Knight LLP | www.hklaw.com

Leila Batties  
(202) 419-2583  
leila.batties@hklaw.com

March 3, 2016

## **VIA IZIS AND HAND DELIVERY**

D.C. Zoning Commission  
441 4<sup>th</sup> Street, N.W., Suite 210  
Washington, DC 20001

**Re: Sursum Corda Cooperative Association, Inc. (Z.C. Case No. 15-20)  
First Stage PUD and Related Map Amendment in Square 620, Lots 248, 249,  
250, 893, 894 and 895 / Post-Hearing Submission**

Dear Members of the Commission:

On behalf of the Sursum Corda Cooperative Association, Inc. (the "Applicant"), we hereby submit one original and ten copies of the Applicant's post-hearing submission in support of Zoning Commission Case No. 15-20 (the "PUD" or the "Project"). This submission provides information in response to the comments raised at the public hearing on February 11, 2016.

### **1. Update on 76 M Street Property**

The Applicant has escrowed funds to assist the tenants at 76 M Street with their relocation from the apartment building and agrees to offer the services of Housing Opportunities Unlimited to assist the tenants with identifying available relocation units, at the Applicant's expense. Two tenants have used the escrowed funds to relocate since the public hearing. The tenants' representative, Housing Counseling Services, has indicated that some of the tenants may wish to return to the Sursum Corda property once it is redeveloped, and has requested information about future rents and income guidelines, which has been provided. Housing Counseling Services and Sursum Corda are coordinating a meeting to discuss opportunities for the remaining tenants at 76 M Street.

### **2. LEED Certification**

The Applicant agrees that the PUD will achieve a minimum of LEED Silver certification.

**3. Proposed Parking Count**

The PUD was originally programmed with 848 parking spaces where 347 parking spaces are required under the Zoning Regulations. The parking count for the PUD has been reduced to 746 parking spaces, reflecting a parking ratio of .6 spaces per unit, which is consistent with current market data. As the development of the PUD evolves, the Applicant or developer of the PUD will continue to assess the parking count for the PUD, taking into consideration market demand and project costs. Adjustments to the parking count will be reflected in the respective Second Stage PUD applications for the project.

The number of long-term bicycle parking spaces for the PUD will be adjusted to a ratio of one space for each three residential units.

**4. Project Phasing**

The estimated schedule for the development Phase 1 of the Project and the filing for the Second Stage PUD application for Phase 2 of the Project is reflected in the chart below. The schedule is consistent with the time frames permitted under the PUD regulations, but will be accelerated if feasible.

Stage 1 PUD Final Written Order	June 2016
File and Obtain Stage 2 Application for Parcel	2017
File Permit Application for South Parcel	2019
Construction for South Parcel Commences	2020
Obtain First C.O. for South Parcel	2021
File Stage 2 Application for North Parcel	2023

**5. Affordable Housing**

The Applicant has committed that there will be at least 199 units of affordable housing and that such affordable housing will comprise approximately 17% of the residential GFA of the total project or more than twice the current IZ requirement.

In addition, the Applicant confirms that, during the overall phasing of the PUD, at least 8% of the residential floor area at all times will be devoted to affordable units. Further, the PUD shall maintain an overall blended affordability level of 60% AMI for the life of the project as discussed further herein.

**6. Revised Drawings**

Revised sheets A12, A32-A35, and A44 of the architectural drawings are attached as Exhibit A. The architectural drawings are in response to the Zoning Commission's comments on

the massing and height of the buildings, particularly along First Place. The height and massing of Building 2C/2D has been sensitively lowered by two floors from 10 stories to 8 stories along a portion of First Place to step the building height down adjacent to the existing Sibley Row Houses. This is similar to the massing of Building 2A/2B, which steps down in height towards First Street.

**7. Communication Plan for Sursum Corda Residents**

The Applicant has outlined a plan to remain in communication with the Sursum Corda households during the redevelopment of the Property. A copy of the plan is attached as Exhibit B.

**8. 60% AMI vs. 50% AMI**

The Zoning Commission asked the Applicant to show the financial impact of changing the income level for the 199 affordable units from 60% to 50% AMI.

As the Commission Members may recall from the testimony at the public hearing from Mr. Duren, President of the Sursum Corda Cooperative Association, the Sursum Corda residents are the owners of the Sursum Corda Cooperative, not a real estate developer. Therefore, any reduction in the residual land value of the Sursum Corda Cooperative property directly impacts the ownership interests of the Sursum Corda residents. As is shown in the economic analysis below, the reduction of changing the income level for 199 units from 60% to 50% negatively impacts the residual land value of the property by \$9,429,420. Depending upon the market conditions at the time of sale or disposition of the property, this could have the effect of either almost wiping out residual land value of the Cooperative, or, at the very least, very substantially reducing residual land value to the Cooperative owners. As a result of this analysis, the Cooperative respectfully requests that the Zoning Commission not impose such a requirement and that the provisions of the Small Area Plan dictating number of affordable units to be provided and the blended affordability level of such units at 60% as unanimously approved by the City Council be maintained.

The chart below shows the financial impact, based on unit type.

<b>Type of Unit</b>	<b>Monthly rent at 50%AMI</b>	<b>Monthly rent at 60% AMI</b>	<b>Lost rental revenue per month</b>
<b>Studio</b>	<b>\$956</b>	<b>\$1,147</b>	<b>\$(191)</b>
<b>1 bdrm</b>	<b>\$1,024</b>	<b>\$1,229</b>	<b>\$(205)</b>
<b>2 bdrm</b>	<b>\$1,229</b>	<b>\$1,474</b>	<b>\$(246)</b>
<b>3 bdrm</b>	<b>\$1,433</b>	<b>\$1,720</b>	<b>\$(287)</b>
<b>4 bdrm</b>	<b>\$1,638</b>	<b>\$1,966</b>	<b>\$(328)</b>

Based on the projected unit mix for the 199 affordable units across the PUD, an adjustment in the affordability level from 60% to 50% AMI would result in an annual revenue loss of approximately \$567,000, as shown in the table below.

<b>No. of Units</b>	<b>Type of Unit</b>	<b>Monthly rent at 50%AMI</b>	<b>Monthly rent at 60% AMI</b>	<b>Lost revenue per month</b>
<b>23</b>	<b>Studio</b>	<b>\$956</b>	<b>\$1,147</b>	<b>\$4395</b>
<b>62</b>	<b>1 bdrm</b>	<b>\$1,024</b>	<b>\$1,229</b>	<b>\$12,695</b>
<b>74</b>	<b>2 bdrm</b>	<b>\$1,229</b>	<b>\$1,474</b>	<b>\$18,182</b>
<b>30</b>	<b>3 bdrm</b>	<b>\$1,433</b>	<b>\$1,720</b>	<b>\$8,600</b>
<b>10</b>	<b>4 bdrm</b>	<b>\$1,638</b>	<b>\$1,966</b>	<b>\$3,276</b>

Adjusting the affordability level from 60% to 50% of AMI would result in an estimated revenue loss of \$566,765 per year. Assuming a capitalization rate of 6%, this would reduce the equity value of the Property by \$9,429,420.

As noted in during the Applicant’s presentation to the Zoning Commission and previous submissions, 64% of the Sursum Corda households have incomes at 30% AMI or below and approximately 88% have incomes at 50% AMI or below. Therefore, the PUD financials already account for substantial levels of affordability.

## **9. Pedestrian Improvements and Safety**

The vehicular and pedestrian circulation plans for the PUD are attached as Exhibit C. The Applicant will install improvements and striping to enhance pedestrian safety throughout the PUD, including along First Place. The Applicant met with DDOT to comprehensively discuss all pedestrian facilities within and along the perimeter of the site and no concern was expressed by DDOT in regards to the proposed accommodations along First Place. Pedestrian facilities as they relate to the proposed park were discussed at this meeting, with the proposed accommodations deemed adequate. Additionally, the parking access locations were discussed at length with DDOT throughout the duration of the project and deemed adequate after revisions from the original plan. No concerns in regards to the First Place access were expressed by DDOT, and the relocation of this access location would not likely reduce a significant amount of vehicular trips along First Place.

#### **10. Units Reserved for Sursum Corda Families**

The Applicant agrees that 136 units shall be reserved in Phase 1 of the PUD to accommodate the return of all of the households at Sursum Corda as of the date of the public hearing.

#### **11. Report by Housing Opportunities Unlimited**

Attached as Exhibit D is a report of the inventory of available affordable units in the District, within 5 miles of the Sursum Corda property. The report was prepared by HOU in January and will be updated prior to the relocation of the Sursum Corda households.

#### **12. First Source Agreement**

A copy of the First Source Agreement signed by the Applicant is attached as Exhibit E.

#### **13. Project Benefits and Amenities**

The estimated cost of the various landscape/open space improvements, transportation and pedestrian improvements and sustainable design elements for the PUD are as follows:

##### Landscape and Open Space Improvements

- The construction of park areas at the corner of First and L Streets and along the eastern boundary of the Property, as depicted on the PUD plans -- \$620,000.
- The construction of the new pedestrian promenade through the center of the site from M Street to L Street as shown on the PUD plans -- \$725,000.
- The construction of Pierce Street, from First Street to First Place -- \$475,000.

##### Transportation and Pedestrian Improvements

- The improvement of a 30-foot wide strip of the site's frontage along First Street with a 6-foot wide sidewalk, landscaping and street trees -- \$370,000.
- The extension of First Place, from M Street to L Street -- \$575,000.
- The improvement of the north side of L Street as a two-way street, between First Street and First Place -- \$275,000.
- The installation of a Capital BikeShare station and funding of the first year of operation of station -- \$92,000.

Sustainable Design

- Two parking spaces reserved for a car-sharing service -- \$100,000.
- Two electric car charging stations in the parking garage -- \$110,000.

We believe that this submission fully responds to the questions raised at the public hearing, and remain hopeful of the Zoning Commission's favorable consideration of this application.

Very truly yours,

HOLLAND & KNIGHT

By: 

Norman M. Glasgow, Jr.  
Leila M. Jackson Batties  
800 17<sup>th</sup> Street, N.W., Suite 1100  
Washington, DC 20006  
(202) 955-3000

Attachments

- cc: Ms. Jennifer Steingasser, D.C. Office of Planning (w/ attachments; via email and hand delivery)  
Mr. Joel Lawson, D.C. Office of Planning (w/ attachments; via email and hand delivery)  
Ms. Maxine Brown-Roberts, D.C. Office of Planning (w/ attachments; via email and hand delivery)  
Mr. Jonathan Rogers, District Department of Transportation (w/ attachments; via email and hand delivery)  
Advisory Neighborhood Commission 6E c/o Commissioner Marge Maceda, Chair (w/ attachments; via U.S. Mail)  
Commissioner Antonio Barnes, Single Member District Representative, ANC 6E-06 (w/ attachments; via U.S. Mail)