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VIA IZIS

Anthony Hood, Chairman
D.C. Zoning Commission
Office of Zoning
441 4th Street, N.W., Suite 200-S
Washington, DC 20001

Re: Comment to Notice of Proposed Rulemaking in Commission Case 18-18

Dear Chairman Hood and Members of the Commission:

On August 9, 2019, the Notice of Proposed Rulemaking (“NPR”) for the new Northern Howard Road (“NHR”) Zone, NHR-1, was published in the D.C. Register. Poplar Point RBBR LLC d/b/a Columbian Quarter Holdings, (“CQH”), provides this comment on the NPR. As the Commission is aware, CQH is an active developer in Ward 8 in the District with current projects along Howard Road and at St. Elizabeth’s. CQH has submitted, and the Commission has taken proposed action, on a map amendment for CQH’s property along Howard Road utilizing this newly created NHR-1 Zone.

First, CQH would like to thank the Office of Planning and the Commission for the time, dedication, and effort they have put in to both this text amendment and the map amendment to the new Zone. While it has been a long process, CQH appreciates the deliberation and careful consideration the Commission has displayed throughout. CQH is also pleased that both Advisory Neighborhood Commission (“ANC”) 8A and ANC 8C are in support of both the text and map amendments, and CQH looks forward to continuing to work with the community moving forward.

CQH would like to provide comment to the NPR regarding the proposed Inclusionary Zoning (“IZ”) requirement – that 12% of the residential gross floor area be provided at a mix of 50% and 60% of the Median Family Income (“MFI”). While the Office of Planning had recommended a 15% set-aside requirement at a mix of 80% and 60% MFI, or, in the alternative, a 10% set-aside at a mix of 50% and 60% MFI, the Commission chose to create a third option of a higher set-aside at lower levels of affordability. CQH understands and shares the District’s and

Commission's goal to increase affordable housing and knows the Commission made this determination with those goals in mind. CQH is also committed to these goals.

However, CQH has concerns about the potential implications of the 12% set aside requirement at the lower affordability levels on development in the NHR-1 Zone that it wishes to raise to the Commission. In a currently vacant area with no comparable housing market in the immediate vicinity, above-market IZ set aside requirements at below-market affordability levels could present potential issues for development. In addition to the IZ commitments, the NHR-1 Zone has enhanced requirements around sustainability, family-sized units, and preferred uses. Finally, CQH has worked diligently to address community concerns and came to agreements with the ANCs prior to the Commission's actions on IZ to provide significant jobs programs, historic preservation, and other community benefits. All of these commitments further various goals of the District, and CQH is committed to all of them. However, taken together, all of these commitments make financing and viability for a project in a new area difficult on day one.

The residential component of a project in the NHR-1 Zone will be the first market rate, concrete apartment building that is competing with brand new apartments in the Capitol Riverfront. Costs in the NHR-1 Zone will be no lower than in the Capitol Riverfront and may be higher as CQH looks to deliver an iconic, heavily amenitized building in this location. Further, CQH expects market rate rents to be significantly lower than the Capitol Riverfront when the first building delivers, making it more difficult to bring in debt and equity than a similar project in the Capitol Riverfront. Requiring more IZ than competing locations raises additional challenges to capitalizing the project in the near term.

As a result, CQH anticipates that on residential projects submitted for Design Review in the near future in the CQH Zone, flexibility regarding phasing in the IZ may be requested. Because this is an unusual request, CQH wanted to make the Commission aware now in anticipation of those coming applications. This flexibility could take multiple forms – perhaps a phase in component would allow a market to be established. CQH expects such a phase in could allow residential buildings that have applied for Design Review prior to 2024 be allowed to have IZ levels akin to current market-required IZ set-aside (an 8% set-aside), though at the lower levels of affordability. Then, every year after 2024, the IZ set-aside requirement could be increased by 1% so projects moving forward after 2028 would be subject to the full 12% IZ set-aside requirement.

Another alternative request would be to allow flexibility in location of IZ units across multiple buildings, provided the total residential development in the NHR-1 Zone would equal the 12% otherwise required in the Zone. This would be similar to the combined residential density concept in 1009 of the NPR.

While the exact nature of flexibility potentially needed for a residential project moving forward in the NHR-1 Zone is not final, CQH wanted to make the Commission aware of the implications of the 12% set-aside requirement in this unique, undeveloped area of the city. In order to develop such a key area of the city in a way that furthers the city's goals around housing,

affordable housing, and sustainable development, CQH looks forward to working with the Commission to create a viable path forward for individual projects.

Again, CQH appreciates the Commission's time and dedication on these issues and looks forward to coming before the Commission soon for the first Design Review case in the NHR-1 Zone.

Sincerely,

Handwritten signature of John T. Epting in blue ink.

John T. Epting

Handwritten signature of Meghan Hottel-Cox in blue ink.

Meghan Hottel-Cox

JTE/MHC