

Exhibit E: Analysis of Project’s Density and Design

I. Overview	
Purpose of this Exhibit and Summary	<p>This exhibit answers:</p> <ul style="list-style-type: none"> • Why the Project seeks the requested height and density; • Why a smaller building, on the scale requested by Project opponents, is infeasible; and • How the neighbors’ concerns are mitigated. <p>In summary: the 101-unit (67 affordable unit) Project is intended to satisfy DHCD’s targets for financial subsidy, and a material reduction of scale would impair the Project’s affordable housing and arts preservation goals. Many construction and development costs are fixed and do not scale linearly, so it is not possible to reduce the Project by, for instance, 30% and save 30% on construction costs or overall development costs. In addition, the Project appropriately mitigates height, design, and shadow concerns, and conservatively fits into the planning context for the site (as recently amended by the D.C. Council). The Project’s extraordinary benefits justify any modest impacts from height and density.</p>
Why Does the Project Require the Proposed Height and Density?	<p>The Project is the requested height and density for the following reasons:</p> <ol style="list-style-type: none"> 1. <u>Comprehensive Plan</u>: The recently-amended Future Land Use Map of the Comprehensive Plan specifically called out the Property as one site that should be densified. The Property was previously designated as low density, and the D.C. Council identified the Property as one that should be moderate density. The Comprehensive Plan’s Framework Element explicitly identifies the requested MU-5A zone (and the MU-7 zone) as consistent moderate density. The current MU-3A zoning is inconsistent with the Future Land Use Map, and the proposed zoning rectifies that inconsistency. 2. <u>Small Area Plan</u>: The Central 14th Street NW Vision Plan also specifically identifies the Property as one that should receive an increase in density (to a moderate density designation) via an upzoning and renders a five-story building on the site. 3. <u>Affordable Housing Need</u>: The Project is the proposed size in part because the District needs housing. The District needs the Project’s 67 units reserved at 30%, 50%, and 60% MFI, and the District needs the Project’s 24 three-bedroom units (16 affordable). The District needs housing and the only way to deliver on that need is to provide housing where none exists. 4. <u>Preserving Dance Loft</u>: In addition to adding considerable amount of affordable and family-sized housing, the Project also preserves a thriving arts organization. Some opponents have suggested that the Dance Loft move elsewhere in order to make it possible to reduce the height of the Project dramatically. This is also infeasible. Dance Loft is a 51% owner of the development entity and is invested in this location and in this community. The Project would not exist but for the Dance Loft, which is a vital partner in making the Project work. 5. <u>Construction Costs</u>: The Project needs to be a minimum size to justify the increasing costs of construction. Construction and other development costs do not scale linearly so there is a threshold of units to make the Project work. This is the case not just at this property, but throughout the District. 6. <u>DHCD Evaluation Criteria</u>: The Project will rely on DHCD subsidy. DHCD has elaborate evaluation criteria by which it evaluates applications and awards funding on a competitive basis. These criteria will assess the Project’s number of units, mix of units, family-sized units, income levels served, proximity to transit, affordability control period, and other factors. Among the several dozen DHCD criteria is a priority for projects to “maximize density”. Here is the excerpt from the 2021 DHCD RFI: <p>“Projects that maximize the allowable density on the project site under current zoning laws will receive preference under this criterion. Applicants can achieve maximum points if project density is increased through a [PUD], Map Amendment, or some other official mechanism.”</p> <p>By reducing density, the Project is less competitive for DHCD funding. In addition, by losing units the Project becomes less competitive in criteria categories. Indeed, a significant reduction in scale would likely push the Project over maximum DHCD thresholds for construction costs per residential square foot and the amount of subsidy requested per unit of affordable housing.</p>

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II. Response to Opponents

Why Is a Smaller Building Infeasible?

Several neighbors have requested that the height and density of the Project be reduced. Others have asked that the height of the building at the rear be reduced and the height along 14th Street NW be increased (others still have asked for the inverse: that the building be smaller at the front with the density concentrated in the middle of the block).

- A *shorter* building *is* feasible. Further, the Applicant proposed a shorter building to neighbors at an in-person community meeting in July 2021 prior to filing the PUD application. See the two images below which compare the current proposal on the left and the alternative configuration on the right:



- However, a *less dense* building is *not* feasible. As a result, the shorter concept proposed to the neighbors is wider with reduced setbacks from the north and south lot lines (for portions of the building) in order to maintain the number of units necessary to make the Project feasible. This concept was unacceptable to the neighbors in attendance at the July 2021 meeting. As a result, the Applicant filed the application with the proposal currently before the Commission and has not advanced an alternative design.
- Thus, contrary to some neighbor claims in submissions to the Commission, the Applicant has been willing to problem-solve well prior to filing the PUD application. However, there is a minimum density below which no affordable housing project is feasible. Approximately 100 units is that minimum threshold here. The Applicant has been clear to neighbors that it cannot move forward with the proposed affordable housing proffer with significantly fewer units. The Applicant has sculpted the building height and distance from rowhomes to allow for consistency with the Comprehensive Plan's Future Land Use Map designations and to minimize negative impacts.
- The Applicant did investigate a building option that increased the height along 14th Street NW in favor of reduced height and density at the rear. However, a taller building along 14th Street NW would push the entire building into a high-rise construction code classification that would require light gauge steel or concrete (i.e., the Project could not be Type III or V construction). The result is that the building's construction costs would increase by approximately 20%-30% (as much as \$10 million), which would make the Project uncompetitive for much-needed affordable housing subsidies. Increasing height along 14th Street enough to compensate for reduced height in the rear introduces other potential negative impacts, such as an increase to building height and new shadow concerns, that are largely avoided or mitigated by the current proposed design.
- The reason approximately 100 units is the minimum threshold results primarily from the financing mechanisms for affordable housing. The actual details of affordable housing financing are complex, however, the per-square foot construction costs and per-unit subsidy required are not the same as the building gets smaller. Instead, the per square foot construction costs and per-unit subsidy required both increase as the building scale is reduced.
- The Applicant has evaluated construction costs for a 79-unit building (i.e., one story shorter) and a 57-unit building (i.e., two stories shorter).
 - 101-unit building has expected residential construction costs of \$338/sf
 - 79-unit building has expected residential construction costs of \$367/sf
 - 57-unit building has expected residential construction costs of \$385/sf

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- DHCD will not subsidize a 5-story building with a construction cost above \$351/sf. DHCD will not subsidize a less than 5-story building with a construction cost above \$343/sf:

Maximum Construction Costs Per Square Foot

Type of Building	New Construction	Substantial Rehabilitation
Less than Five (5) Stories	\$343	\$292
Equal to or Greater than Five (5) Stories - Wood Frame (including concrete podium) or Light Gauge Steel Construction	\$351	\$298
Equal to or Greater than Five (5) Stories - Concrete Construction	\$378	\$318

- Construction costs have simply out-paced DHCD’s schedule for shorter buildings. A predominantly market-rate building might be able to absorb these challenges, but a mostly-affordable one cannot.
- Similarly, based on projects that DHCD has actually funded, it generally does not subsidize a new construction multifamily building in excess of \$90,000 per unit. As mentioned above, the Applicant has evaluated subsidy requirements costs for a 79-unit building (i.e., one story shorter) and a 57-unit building (i.e., two stories shorter):
 - 101-unit building requires a subsidy of \$87,970/unit
 - 79-unit building requires a subsidy of \$135,456/unit
 - 57-unit building requires a subsidy of \$208,584/unit
- As shown above, 79-unit and 57-unit buildings are not competitive for DHCD subsidies.

III. Mitigating Factors

How Are Neighbors’ Concerns Mitigated?

The Project’s height and density are mitigated.

- Height: The height of the Project relative to existing houses in Square 2704 is not anomalous within the Square. The top of the Project at the rear is at a similar height to the tops of houses along Crittenden Street, NW because of the topography of the Square.

Also, importantly, the height relationship between the building and the adjacent rowhouses would be even less perceptible from perspectives where people would actually be viewing the Project – such as views from the surrounding streets.

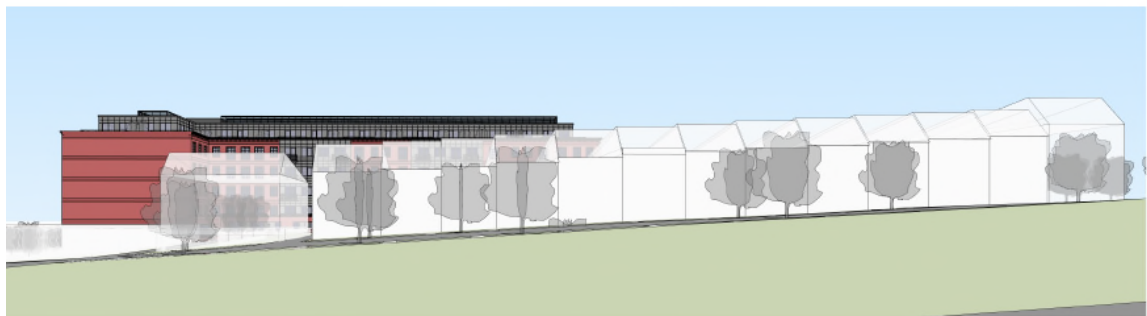
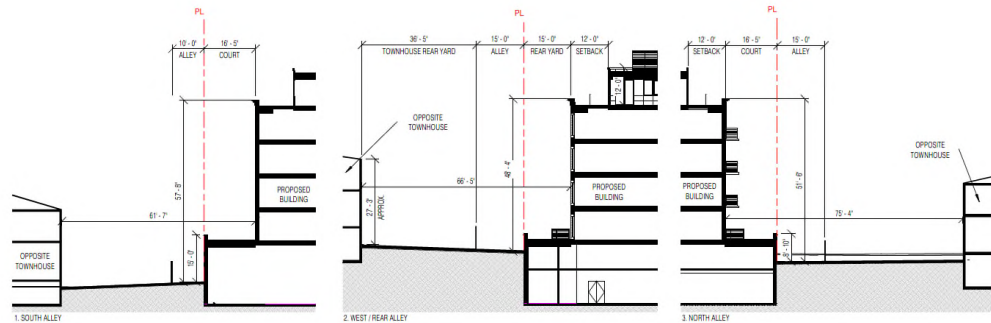


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- **Design:** The Project is fully-designed at the rear so that the neighbors are not looking at the "back" of a building:

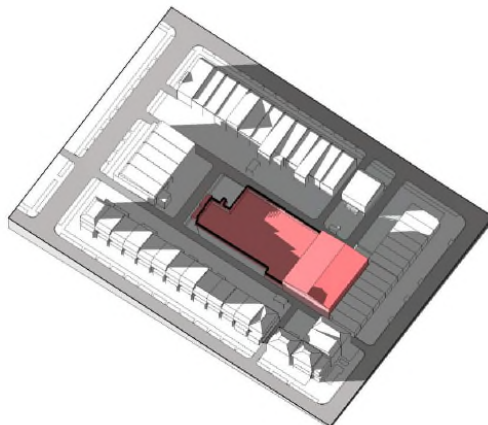


- **Setbacks:** The building is configured in a manner that allows for an unusual degree of setbacks and open space to be introduced within the interior of the square. That is, the building sets back from its property lines 16 feet, 5 inches at the north and south and 15 feet at the west. The result is that the distance between the Project's second floor (and above) and the average rear façade of the surrounding rowhouses is: 75 feet, 4 inches along Crittenden Street, NW, 66 feet, 5 inches along 15th Street, NW, and 61 feet, 7 inches along Buchanan Street, NW. See Exhibit B at sheet A.23.



- **Shadows:** The Project's shadows are similar to the *existing* winter solstice afternoon shadows cast by the *existing 15th Street-facing row houses* onto the Crittenden Street-facing row houses:

Existing shadow conditions (4pm winter solstice)



Project's shadow conditions (4pm winter solstice)

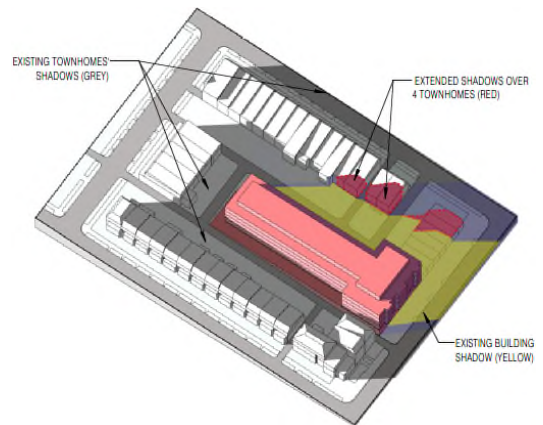

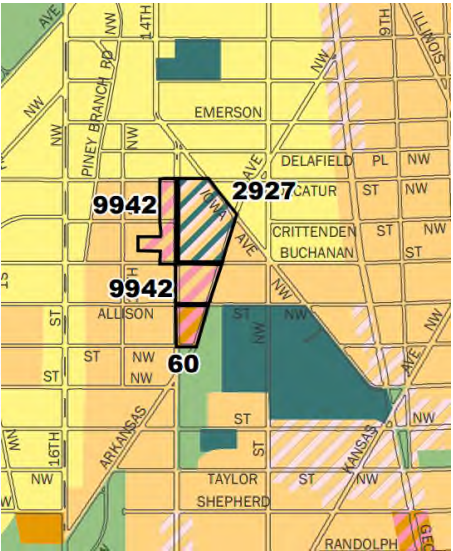


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	<ul style="list-style-type: none"> Further, the placement of the proposed building and the inclusion of setbacks between all existing row houses surrounding the building, particularly when combined with the surrounding alley network and the required rear yards for those homes, allows for only minimal shadow impacts to be created on surrounding homes. To the extent that the Project's shadows adversely affect surrounding properties, those impacts are generally limited to the winter months and limited to a small number of houses (8-12) facing Crittenden Street, NW.
<p>Planning Context</p>	<ul style="list-style-type: none"> <u>Small Area Plan</u>: The Small Area Plan, as shown below, renders a five-story building at the site of the Project, showing the level of height and density proposed by the Project has been expected for at least a decade. The Small Area Plan also notes that "In all cases, height and density should front on 14th Street and step back away from existing residential neighborhoods." The Project does "step back away" from the surrounding residential rowhouses. <div style="display: flex; justify-content: space-around; align-items: center;">   </div> <ul style="list-style-type: none"> <u>Comprehensive Plan Future Land Use Map</u>: The above-excerpt from the Future Land Use Map, as recently amended by the D.C. Council now depicts the Property as appropriate for mixed-use Moderate Density residential/commercial development. The recently-amended Framework Element notes that the Moderate Density designation applies to areas that "range from small business districts that draw primarily from the surrounding neighborhoods to larger business districts uses that draw from a broader market area. Buildings are larger and/or taller than those in Low Density Commercial areas. Density typically ranges between a FAR of 2.5 and 4.0, with greater density possible when complying with Inclusionary Zoning or when approved through a Planned Unit Development. The MU-5 and MU-7 Zone Districts are representative of zone districts consistent with the Moderate Density Commercial category, and other zones may also apply." 10-A DCMR § 227.11 (emphasis added).