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July 15, 2014

VIA ELECTRONIC MAIL

District of Columbia Zoning Commission
441 4th Street, NW
Room 210S
Washington, DC 20001

Re: Case No. 06-10B
The Morris & Gwendolyn Cafritz Foundation
Art Place at Fort Totten
Status and Phasing Plan

Dear Members of the Zoning Commission:

This letter is submitted on behalf of the Morris & Gwendolyn Cafritz Foundation (the "Foundation") in order to provide the Zoning Commission ("Commission") with a further update as to the status of the "Art Place at Fort Totten" multi-phased planned unit development ("Art Place PUD") and proposed phasing plan and timeline for moving forward with future phases. The Foundation has long been committed to building a stronger community for all residents of the Washington area through programs in the arts and humanities, community services, and education. The Art Place PUD represents a direct, tangible, physical enhancement to the Fort Totten community, in which the Cafritz family and the Foundation have long been invested.

Background

By Order No. 06-10, dated January 15, 2010, the Commission granted consolidated approval of the first phase of the Art Place PUD, "Building A", along with first stage PUD approval of the remainder of the Foundation's proposed redevelopment of the 16.5 acre PUD site along South Dakota Avenue, N.E.¹ As set forth in that Order, the PUD was approved to include a maximum of 2,018,880 square feet of gross floor area, to be provided in four buildings constructed across the site (see attached site plan included in the approved PUD plans):

- *Building A* – a mixed-use residential building (510-550 dwelling units) and retail/service building at the south end of the site with a total gross floor area of 804,880 square feet (approved);

¹ The Commission has granted minor modification approval related to Building A on two occasions: Case No. 06-10A, which granted flexibility to relocate the grocery component from Building A to Building B, substituting other retail uses in Building A; and Case No. 06-10C, which granted flexibility to reduce the amount of residential parking provided in Building A.

- *Building B* – a mixed-use building devoted to retail, museum and community recreational uses to be located in the middle of the site, containing approximately 456,000 square feet of gross floor area;
- *Building C* - an apartment building in the northwest portion of the site totaling approximately 520,000 square feet of gross floor area (400 dwelling units); and
- *Building D* - a mixed-use building devoted to cultural and recreational uses in the northeast corner of the site closest to the intersection of South Dakota Avenue and Riggs Road, NE, totaling approximately 238,000 square feet.

The redevelopment represents an extraordinary financial investment and exceptionally complex development undertaking, particularly for a not-for-profit foundation that has not historically been directly involved in real estate development, notwithstanding its deep roots in the Washington philanthropic community. The Foundation is proceeding diligently with development of Building A consistent with the Commission's approvals. The Foundation will continue to pursue approval and construction of the other buildings granted first stage approval by the Commission, in the sequence listed above, as expeditiously as possible in light of market conditions and site complexities, as discussed in greater detail below.

Building A

Building A, the mixed-use residential building with approximately 520 dwelling units, is located in three towers atop a two-story base comprised of retail and service uses and parking. Construction costs to complete Building A in accordance with the PUD approval are anticipated to total \$116 Million, an exceptional investment in this community, especially for a not-for-profit institution. The Foundation is pleased to report that, after much preliminary and preparatory work, detailed below, construction activities are underway, with a current estimated delivery date of the building at the end of 2016 or First Quarter 2017.

Of the 520 dwelling units, at least 141 units will be reserved as affordable units, 98 of which have been designed to serve as senior affordable units. One unique additional aspect of the Art Place PUD is the Foundation's commitment to the long-term residents of the Riggs Plaza apartments complex to relocate these remaining tenants to comparable new units in Building A, at comparable rents to those of their current units as a result of the Foundation's underwriting the difference between these rents and market.

The construction entitlement process for Building A has been a complex and lengthy endeavor. First, in order to assemble the site for Building A, the Applicant needed to go through more than a year-long process before the D.C. Council to close portions of two public streets (Hamilton and 4th Streets, N.E.), and various public alleys, including legislation to accept dedication of a new public street segment (Ingraham Street, NE) upon completion of its construction by the Foundation.

Next, the Applicant was required to relocate a large number of tenants living in five buildings on that site to other units in the Riggs Plaza complex. This process involved intensive discussions and negotiations with the tenants, complete renovation of dozens of empty apartment units in the complex to house relocated residents, and the preparation, organization and execution of moving these tenants from one building to another. Given the disruptive nature of this undertaking, the Applicant engaged in lengthy discussions and coordination with individual tenants, two independent tenant associations operating at the Riggs Plaza complex, and the Department of

Housing and Community Development, in order to make the transition as smooth as possible. It was frequently necessary to conduct additional meetings over a much longer time period than initially planned or desired. Only after these discussions were completed and the tenants relocated could the Foundation secure raze permits for the vacated buildings, demolish them and undertake related site work and utility relocation. That work commenced in 2012.

The Foundation was further hampered in its efforts to proceed expeditiously with the project by its inability to secure the intended grocery tenant for Building A, resulting in the Foundation's 2011 request for a minor modification of the approved PUD. In Order No. 06-10A, the Commission granted the Foundation flexibility to locate the grocery from Building A to Building B and substitute other retail uses in Building A, allowing the Foundation to move forward with leasing and project financing efforts.

After these lengthy efforts, the Foundation has entered into construction contracts, physically closed the streets and alleys as authorized by Council action in 2010, and is proceeding with construction. Residential and retail tenants are expected to take occupancy of Building A not later than the First Quarter 2017.

Building B and Phasing Plan

The complex and protracted efforts expended on, and unforeseen issues encountered in, bringing Building A to construction have directly affected the subsequent phases of the Art Place PUD, especially Building B. It is physically impossible to construct Building B until Building A is completed. The site of Building B is still currently improved with the remaining Riggs Plaza apartments, which are occupied by tenants to be relocated to Building A. These tenants cannot move until Building A is completed in 2017. To that end, the Foundation is finalizing tenant relocation plans for these remaining buildings in coordination with the tenant associations, such that demolition and new construction on the Building B site can commence seamlessly after the tenants move to their new homes in Building A.

Concurrently, the Foundation will need to return to the Council for a second round of street and alley closures (the remainder of 4th Street, NE). The Foundation is in the preliminary stages of this lengthy process. This realignment of streets and alleys, particularly the relocation of a segment of Kennedy Street, NE, is integral to development and construction of all three of the remaining phases of the Art Place PUD.

In the interim, the Foundation must closely monitor the retail and residential market conditions to ensure the plans for Building B will continue to be viable. The pending opening of the Walmart Store within two blocks of the site will be closely monitored to determine whether and what further modifications may be needed to the Building B design and plan to maximize the benefits and amenities within this transitioning neighborhood. The Foundation will continue to work with lenders to ensure the success of the project, and will respond to market fluctuations as quickly as possible.

With that background, and pursuant to the Commission's request, the Foundation proposes the following timeline for processing the three future phases of the Art Place PUD, noting that the Foundation will endeavor to proceed as expeditiously as feasible throughout these processes, consistent with and in furtherance of the goals and purposes of the Foundation.

Proposed Timeline for Future Phases

Building B:

- Foundation to file prehearing statement not later than September 1, 2016, with public hearing anticipated late 2016.
- Building permit application to be filed within one (1) year of Second Stage Approval Order (anticipated filing of permit application by early 2018) and
- Construction to begin within one (1) year of filing permit application (Anticipated early 2019)

Building C:

- Foundation to file Second Stage application not later than two (2) years following commencement of construction of Building B (anticipated early 2021)
- Public Hearing anticipated mid-2021
- Building permit application to be filed within one (1) year of Second Stage Approval Order (anticipated filing of permit application by late 2022) and
- Construction to begin within one (1) year of filing permit application (anticipated late 2023)

Building D:

- Foundation to file Second Stage application not later than three (3) years following commencement of construction of Building B (anticipated early 2022)
- Public Hearing anticipated mid-2022
- Building permit application to be filed within one (1) year of Second Stage Approval Order (anticipated filing of permit application by mid-2023) and
- Construction to begin within one (1) year of filing permit application (anticipated mid- 2024)

Given the extended nature of these timeframes, the Foundation requests the opportunity to provide the Commission with periodic updates, on a semi-annual basis, to advise as to the status of the completion of construction and occupancy of Building A, and the anticipated schedule of Building B. The Foundation proposes that the first such update to occur on January 15, 2015, and every six months thereafter.

Thank you for your consideration of these materials.

Sincerely,

HOLLAND & KNIGHT LLP

Whayne S. Quin / MCB

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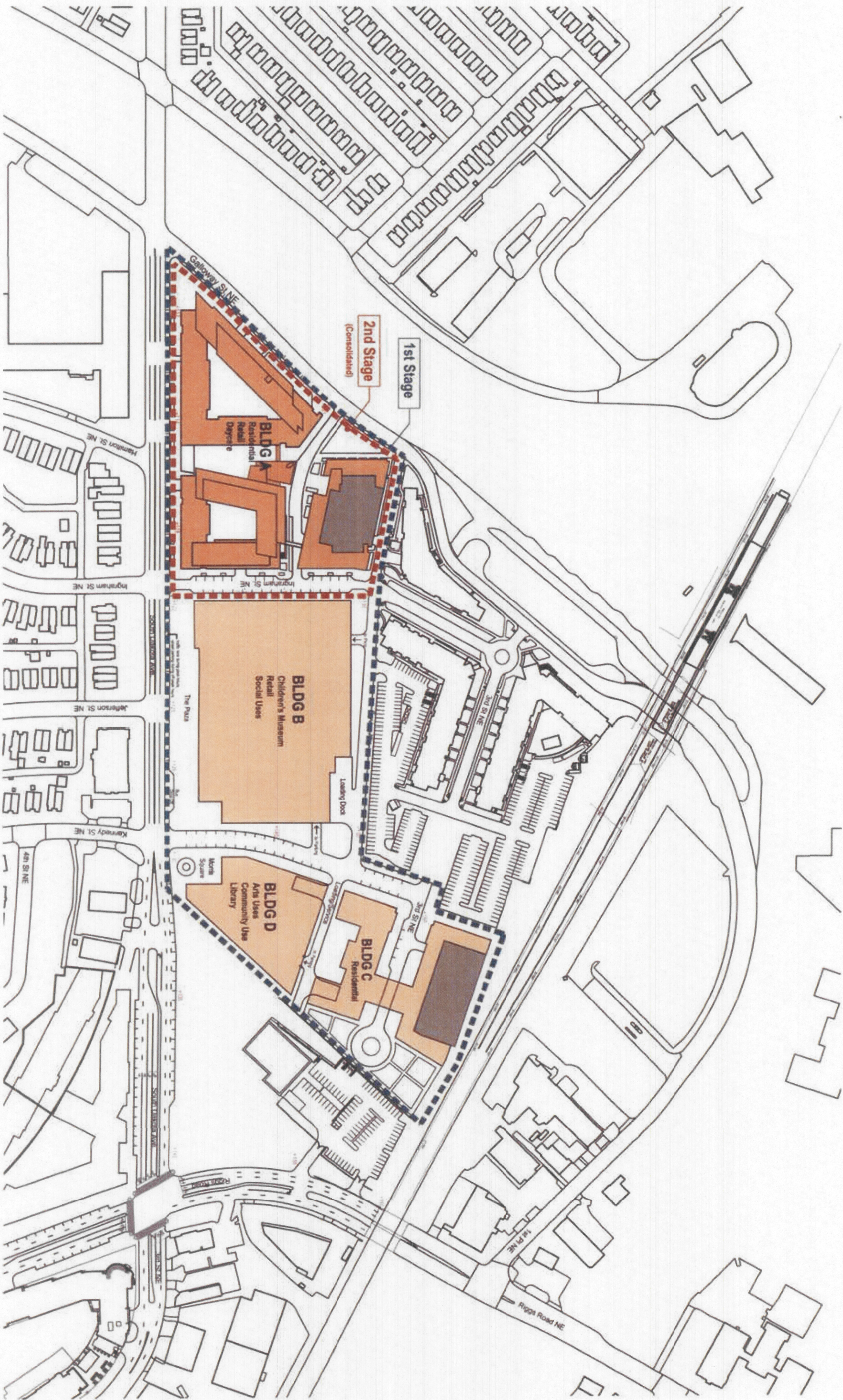
Dennis R. Hughes / MCB

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Page 5

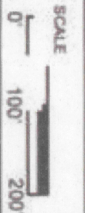
Enclosure

CC: The Morris and Gwendolyn Cafritz Foundation
D.C. Office of Planning
Advisory Neighborhood Commission 5A
Lamond-Riggs Citizens Association



FORT TOTTEN, WASHINGTON DC
THE MORGAN LEWIS SEYMOUR & ASSOCIATES ARCHITECTS

1st & 2nd Stage PUD Identification



SHEET NUMBER
7

SEPTEMBER 10TH, 2009