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June 2, 2017

District of Columbia Zoning Commission
441 4th Street, NW
Room 210S
Washington, DC 20002

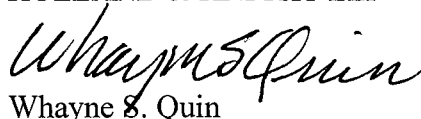
Re: Case No. 06-10B
The Morris & Gwendolyn Cafritz Foundation
Art Place at Fort Totten
Update on Buildings A and B

Dear Members of the Zoning Commission:

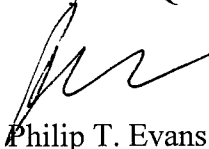
Attached to this cover letter is a letter submitted on behalf of the Morris & Gwendolyn Cafritz Foundation (the “Foundation”) to the Zoning Commission (“Commission”) with an update on the status of Building A and Building B of the multi-phased planned unit development known as “Art Place at Fort Totten.” This cover letter and the attached letter are being submitted to the Zoning Commission pursuant to correspondence from the Secretary to the Zoning Commission on May 16, 2017 requesting a status update on the PUD development.

Sincerely,

HOLLAND & KNIGHT LLP



Wayne S. Quin



Philip T. Evans

Enclosure

cc: The Morris and Gwendolyn Cafritz Foundation
DC Office of Planning
Advisor Neighborhood Commission 5A
Lamond-Riggs Citizens Association

The Morris and Gwendolyn Cafritz Foundation

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June 1, 2017

District of Columbia Zoning Commission
441 4th Street, NW
Room 210S
Washington, DC 20002

Re: Case No. 06-10B
The Morris & Gwendolyn Cafritz Foundation
Art Place at Fort Totten
Update on Buildings A and B

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 an update on the status of Building A and Building B of the multi-phased planned unit development known as "Art Place at Fort Totten." As part of its long-term commitment to building a stronger community in this particular area of the City, the Foundation has been working and pushing as hard as possible to complete Building A so that residential and commercial tenants can start occupancy on the schedule previously estimated, namely, "at the end of 2016 or First Quarter 2017." See attached letter ("previous letter") to the Commission dated July 15, 2014.

Building A

Notwithstanding the many unexpected delays and additional administrative processes involved, the Foundation is pleased to report that Building A, which has been named "The Modern," is nearing completion and that a Conditional Certificate of Occupancy ("CCO") is expected to be issued by the District of Columbia Department of Consumer and Regulatory Affairs on or about June 15, 2017. Following the issuance of the CCO, but no earlier than July 1, 2017, the first residential tenants are expected to move into Building A. The final certificate of occupancy for the residential portion of the building for 520 units is expected by September 15, 2017.

Among the first residents anticipated to move in will be residents who are current tenants at the Riggs Plaza apartment complex, the garden style apartment complex which is being demolished to allow for the PUD. The Foundation is particularly gratified to see the relocation of these tenants given the tenants' patient commitment to the PUD and the Foundation's longstanding commitment to these tenants. The Commission will recall that these tenants will occupy some of The Modern's one hundred forty one affordable units and in connection therewith receive

relocation assistance with their move and a significant rent subsidy (and other related benefits) from the Foundation for the duration of their residency at the Modern.

Joining the Riggs Plaza tenants as some of the Modern's first residents will be new tenants occupying some of The Modern's market rate units. The Foundation has engaged Bozzuto Management Company as its property manager and exclusive leasing agent for The Modern. Bozzuto began touring prospective tenants in the last several weeks and has already signed thirty leases in anticipation of residents moving in over the summer.

The Modern's retail leasing program is also developing robustly. The approximately one hundred thousand square feet of retail space in The Modern will be anchored by a large fitness user (Xsport Fitness) and will be complemented by neighborhood/service retail uses (T-Mobile, Ramdass Pharmacy and Shining Stars Pediatric Dentistry) as well as an anticipated restaurant operator and coffee house. The Foundation has engaged HR Retail as its exclusive retail leasing agent for the Modern. The Foundation is pleased with the progress to date on The Modern, and expects market interest will accelerate as residents move in and retailers open their doors.

Unexpected delays and additional administrative processes for Building A have included the following: temporary water discharge permit delay related to DOEE's required dewatering process with stormwater contamination which involved additional testing and installation of a new system (stormwater contained arsenic and PCE above DOEE standards); delays in utility work on South Dakota Avenue due to government shutdown and unanticipated wet utility work; additional weather delays; quality control issues with window and storefront glass manufacturer and delayed delivery of panels and windows on building façade; delays in completion of PEPCO work along South Dakota Avenue impacting completion of site finishes; and added residential unit window repair treatment.

In addition to the progress of construction on Building A and the surrounding areas, counsel for the Foundation has continued in its efforts to finalize Relocation Agreements and, eventually, new leases with the tenants of Riggs Plaza. These efforts are designed to fulfill the priority obligations to these tenants as found in Z.C. Order 6-10 (paras 29, 33). Negotiations with the tenants of Riggs Plaza have taken longer than anticipated because one group – the Incorporated Tenant's Association – has engaged new counsel to review the necessary documents. The Foundation has also engaged in conversations and participated in meetings organized by Gordon-Andrew Fletcher (ANC SMD 5A08) as part of the outreach efforts to the tenants of Riggs Plaza as well as other potential tenants for both affordable and market rate units.

As an example of the complexity in developing Building A, as well as giving an example of neighborhood communication, attached is the latest Construction Update Notice which details the on-going activities relating to the building's completion.

Building B

Proposed Building B, has proven to be more of a challenge for several reasons. As previously indicated to the Commission, the relocation to Building A of the tenants of Riggs Plaza (from the existing apartments on the Building B site) is essential before meaningful physical analysis,

detailed planning, and construction of Building B can commence. Also, the immediate area is changing economically and marketwise due in large part to the location of Walmart on neighboring property. This is changing the nature of attracting many types of anchor retailers, including grocers. Additionally, the anticipated non-retail uses for Building B, namely community recreational and museum uses, have unique funding and financing challenges. Nevertheless, the Foundation has been diligently working to bring Building B to fruition, and has made the following inroads in that regard:

- Regarding retail uses, despite being unable to secure a large format (i.e., “big box”) anchor user, the Foundation has made considerable progress towards, and is very close to executing a letter of intent with a specialty grocer that would take up to twenty thousand square feet in Building B.
- Regarding community recreational uses, the Foundation has had ongoing conversations with several potential users, but has yet to determine the right type of user for the site.
- Regarding the museum use, the Foundation has a firm commitment from Explore! The Children’s Museum of Washington, DC, to locate in Building B; however, Explore! is a relatively young non-profit organization that remains dependent on third-party funding at this time. (As such, construction lenders will have difficulty underwriting Explore! as a tenant, which in turn adds an additional layer of complexity to securing financing for Building B.)

The Foundation proposes no change to the Proposed Timeline for Future Phases set forth in the previous letter, except that, with respect to Building B, the timeline should be modified as follows:

- Foundation to file prehearing statement within 90 days of executing letters of intent with retailers for not less than seventy thousand square feet (a minimum threshold necessary to make Building B financially viable)
- Building permit application to be filed within one (1) year of Second Stage Approval Order
- Construction to begin within one (1) year of filing permit application

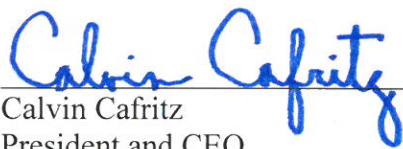
Given the extended and open-ended nature of this new proposed timeline, the Foundation will provide the Commission periodic updates on the development of Building A and regarding the proposed development of Building B no less than semi-annually beginning on January 15, 2018, or within thirty days following a request for such an update from the Commission.

As stated in the previous letter to the Commission, this PUD “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.” It is in our interests and for our mission to move as expeditiously as reasonably possible. We hope the Commission understands our deep commitment to this project.

We sincerely thank you for your consideration of this matter and what it brings to the Fort Totten community.

Respectfully submitted,

The Morris & Gwendolyn Cafritz Foundation

By: 
Name: Calvin Cafritz
Its: President and CEO

CONSTRUCTION UPDATE NOTICE

Weeks of: May 29, 2017 and June 5, 2017

What to Expect On-Site:

During the next two weeks, the General Contractor, Foulger-Pratt, will continue with receipt of material deliveries requiring heavy equipment accessing the site. Exterior site construction is proceeding including sidewalks, handicapped ramps, pavers and landscape plantings. Poles for new streetlights have been installed around the building perimeter. New street lights on Galloway Street are operational. New traffic signal lights for South Dakota Avenue at Hamilton and Galloway Streets have been erected. The new signals at South Dakota Avenue and Galloway Street are operational and the old poles have been removed.

Removal of the existing PEPCO poles and overhead power lines from South Dakota Avenue are imminent. Once the poles are removed by PEPCO, the road will be widened to create parallel parking in front of the building. This work should begin in about two weeks and requires closure of the southbound curb lane of South Dakota Avenue. This lane will remain closed while the road is widened to create parking spaces in front of the new building.

Reconstruction of the public alley west of the building will begin on May 30, 2017 and take about two weeks to complete. Access to Aventine's parking garage entrance will be maintained at all times while this work is ongoing.

On the exterior of the building, installation of metal panels, doors and curtain wall glass at the retail areas are all ongoing. Safety railings around tree pit landscaping, decorative benches and bike racks are being installed. Residential parking garage painting and striping are complete. On the interior, final point-up, finishing and touch-up painting is ongoing in all of the towers. The installation of plumbing fixtures, millwork cabinets, countertops, flooring, tile, lighting, appliances, doors and hardware are all nearing completion. Elevator installation is complete and final inspections are ongoing. Testing of fire alarm & security systems continues. Directional signage installation is done. Amenity areas are being finalized and furniture is being installed in these common areas. Entrance lobby finishes are nearing completion.

In the courtyards and the rooftop pool deck areas, installation of pavers, railings, furnishings and landscaping is mostly complete.

The area of work for Building A is primarily bounded by South Dakota Avenue on the east, the Aventine buildings on the west, Galloway Street on the south, and what will be the new alignment of Ingraham Street on the north.

A temporary leasing office has been set up on 4th Street just outside the construction fence to begin the rental process for prospective tenants. Bozzuto Management Corporation is handling this effort. Hardhat tours for prospective tenants are available.

Construction Hours:

Construction activity is taking place Monday – Saturday between the hours of 7 a.m. and 7 p.m.

Contact Information:

For any construction related concerns, please contact Mark Ellis of Capital Construction Consultants at 202-327-1031 or email at mellis@ccci-dc.com.