



December 11, 2014

Chair Muriel Bowser  
Committee on Economic Development  
and  
Chair Kenyan McDuffie  
Committee on Government Operations  
Council of the District of Columbia  
1350 Pennsylvania Avenue, NW  
Washington DC 200004

Re: Reconsider the Proposed R20-1136 – Fifth & I Streets NW Disposition Approval Resolution of 2014

Dear Chair Bowser and Chair McDuffie:

Please accept these comments on behalf of the Coalition for Smarter Growth. The Coalition for Smarter Growth is the leading organization in the Washington, D.C. region dedicated to making the case for smart growth. Our mission is to promote walkable, inclusive, and transit-oriented communities, and the land use and transportation policies and investments needed to make those communities flourish.

We urge the council to reconsider DMPED's selection of the TPC 5<sup>th</sup> & I LLC proposal because it does not respond to a key affordable housing provision in the Request for Expressions of Interest (REFI). Specifically, the TPC 5<sup>th</sup> & I Partners LLC proposal is not responsive to the [RFEI](#), release date April 25, 2013 (revised), because the proposal offers off-site affordable housing, and thus is not compliant with the RFEI's explicit request regarding affordable housing on-site:

“In the District's efforts to provide a greater number of Affordable Dwelling Units (ADUs), if the respondents development proposals include a residential component, then the proposal must include, at a minimum, an amount of ADUs that are equivalent to the Inclusionary Zoning provisions of the District of Columbia Zoning Ordinance Units (11 DCMR §§ 2600 et seq. (2012)). Respondents shall provide a description of the following: ...

III. How the project integrates ADUs within the proposed development plans (ADUs must be dispersed, not clustered, throughout the residential component(s) and mixed with market-rate units).”

The other short listed respondents which proposed residential developments, responded to this requirement by offering 27 and 21 affordable dwelling units (ADUs) on site.

Selecting the TPC 5<sup>th</sup> & I Partners LLC proposal has several disadvantages for the District government and for city residents.

**First, departing from the explicit criteria in the RFEI means that the standards set forth in it are subject to arbitrary change. This arbitrary decision undermines the city's commitment to a fair and transparent disposition process.** Selecting a proposal that does not respond to the RFEI is unfair to the many other respondents and undermines the credibility of the District to offer properties for competitive bidding.

**Second, accepting this non-responsive proposal could undermine future commitments to affordable housing in public land dispositions.** Given the scarcity of city-owned land and the diminishing supply of affordable housing in affluent and near-downtown neighborhoods, public land dispositions should place a high priority on addressing critical community needs such as highly-accessible affordable housing.

The relative merits of the provision of 61 units affordable at 60% AMI in a neighborhood located 3.5 miles away in Historic Anacostia versus 21 or 27 affordable units, as proposed by Akridge and JBG respectively, on-site are highly debatable. Opportunities to create new, long term affordable housing in the near-downtown Mt. Vernon neighborhood will be increasingly rare. At the same time, many affordable units are likely to disappear from this close-in neighborhood.

Locating affordable housing in this centrally located, amenity-rich neighborhood has benefits beyond the quantity of affordable units provided. Locating affordable housing in opportunity-rich neighborhoods also builds a more equitable city where people of different incomes have access to neighborhoods throughout the District. Locating new affordable housing in the Mt. Vernon neighborhood would give important opportunities to low income DC residents to have greater access to transportation, employment, and other amenities not as readily available in more distant, less affluent neighborhoods.

**Third, the respondent's claim that building 61 housing units affordable at the 60% AMI level on a vacant portion of its property in SE would not otherwise occur and thus constitutes a major public benefit is questionable.** Currently, a number of similar projects are moving forward in the Historic Anacostia neighborhood to add housing using Low Income Housing Tax Credits (LIHTC). LIHTCs are a vital investment tool to create new residential developments in lower priced housing markets. In order to take advantage of this financing source, developments typically are restricted to rents affordable at the 60% AMI level. Thus, we would expect the respondent to use LIHTCs to build on the vacant portion of its Martin Luther King Jr. Ave. SE property, as other residential developments around the respondent's property are. It's unclear that this SE project meets a "but for" test. But for the agreement regarding the 5<sup>th</sup> & I St NW site, would or would not a LIHTC-financed building be constructed at this site? Evidence of several similar projects in the vicinity suggests it might advance unrelated to a deal with the city regarding 5<sup>th</sup> & I St NW. It is unclear that such a building is a unique or major public benefit at this location.

**In conclusion, we suggest that what would constitute a major public benefit that achieves the unique potential of the 5<sup>th</sup> & I St NW city-owned parcel would be the other finalist residential proposals for 21 or 27 ADUs on-site, especially if some of these units were priced to be affordable at the 30% AMI level.** We urge the city to carefully consider the unique opportunities to build a more equitable city through the use of public land in high value and rapidly appreciating neighborhoods. In this case, we believe this deal falls short of both minimally complying with the REFI's explicit criteria for integration of affordable units among market rate units, or our citywide goals of providing equitable access to neighborhoods which are increasingly less affordable to moderate and lower income DC residents.

Thank you for your consideration.

Sincerely,



Cheryl Cort, Policy Director