



2014 JUN 13 PM 3:42
OFFICE OF THE
SECRETARY

VINCENT C. GRAY
MAYOR

JUN 13 2014

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, DC 20004

Dear Chairman Mendelson:

Enclosed for consideration by the Council is a proposed resolution entitled the "5201 Hayes, N.E., Disposition Approval Resolution of 2014".

This resolution will approve the disposition of District owned real property located at 5201 Hayes Street, N.E. in the Deanwood neighborhood of Ward 7 (the "Property"). The Property is an approximately 93,540 square feet parcel in the Deanwood neighborhood of Ward 7 that was formerly a privately owned trash transfer station. The District acquired the property in 2008 for the purpose of redeveloping the Property to provide housing in connection with the Lincoln Heights/Richardson Dwelling New Communities Plan.

The Office of the Deputy Mayor for Planning and Economic Development selected a team consisting of the Warrenton Group, LLC and Pennrose Properties, LLC (the "Developer") to redevelop the site. The proposed redevelopment includes approximately 150 residential units, of which 50 will be replacement affordable units for households earning at or below 30% of the Area Median Income ("AMI") and 100 will be affordable units for households earning at or below 60% of AMI. In addition, approximately 80 podium parking spaces will be created and reserved for tenants at the Property.

The proposed redevelopment is a significant step towards the redevelopment of the Lincoln Heights/Richardson Dwelling New Communities neighborhood. It will produce quality affordable housing for residents of Lincoln Heights and Richardson Dwellings, serve as a major milestone in the creation of a vibrant mixed-income neighborhood, and help fulfill the Initiative's commitment to one for one replacement of affordable housing units.

As always, I am available to discuss any questions you may have regarding this resolution. I look forward to prompt and favorable consideration of this resolution.

Sincerely,

Vincent C. Gray


Chairman Phil Mendelson
at the request of the Mayor

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8 A PROPOSED RESOLUTION
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12 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA
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16 To approve the disposition of District-owned real property located at 5201 Hayes Street,
17 N.E., known for tax and assessment purposes as Lot 0809, in Square 5197.
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19 RESOLVED, BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That
20 this resolution may be cited as the “5201 Hayes Street, N.E. Disposition Approval
21 Resolution of 2014”.

22 Sec. 2. Definitions.

23 For the purposes of this resolution, the term:

24 (1) “CBE Agreement” means an agreement governing certain obligations of
25 the Transferee or the Developer under the Small, Local, and Disadvantaged Business
26 Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C.
27 Law 16-33; D.C. Official Code § 2-218.01 *et seq.*) (“CBE Act”), including the equity and
28 development participation requirements set forth in section 2349a of the CBE Act (D.C.
29 Official Code § 2-218.49a).

30 (2) “Certified Business Enterprise” means a business enterprise or joint
31 venture certified pursuant to the Small, Local and Disadvantaged Business Enterprise

1 Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33;
2 D.C. Official Code § 2-218.01 *et seq.*).

3 (3) “First Source Agreement” means an agreement with the District governing
4 certain obligations of the Transferee or the Developer pursuant to section 4 of the First
5 Source Employment Agreement Act of 1984, effective June 29, 1984 (D.C. Law 5-93;
6 D.C. Official Code § 2-219.03), and Mayor’s Order 83-265 (November 9, 1983)
7 regarding job creation and employment generated as a result of the construction on the
8 Property.

9 (4) “Property” means the real property located at 5201 Hayes Street, N.E.
10 known for tax and assessment purposes as Lot 0809, in Square 5197.

11 (5) “Transferee” means the Developer, its successor, or one of its affiliates or
12 assignees approved by the Mayor.

13 Sec. 3. Findings.

14 (a) The Developer of the Property will be Pennrose Properties, registered to
15 do business in the District with a business address of 575 S Charles St Baltimore,
16 Maryland 21201 and the Warrenton Group, a District of Columbia limited liability
17 company, with a business address of 5335 Wisconsin Ave., NW, Suite 440, Washington,
18 DC 20015 (the “Developer”).

19 (b) The Property is located at 5201 Hayes Street, N.E. and consists of
20 approximately 93,540 square feet of land.

21 (c) The intended use of the Property (the “Project”) is a residential, including
22 replacement housing for Lincoln Heights/Richardson Dwellings and any ancillary uses
23 allowed under applicable law.

1 (d) The Project will contain affordable housing as described in the term sheet
2 submitted with this resolution.

3 (e) The Transferee will enter into an agreement that shall require the
4 Transferee to, at a minimum, contract with Certified Business Enterprises for at least
5 35% of the contract dollar volume of the Project, and shall require at least 20% equity
6 and 20% development participation of Certified Business Enterprises.

7 (f) The Transferee will enter into a First Source Agreement with the District
8 that shall govern certain obligation of the Transferee pursuant to D.C. Official Code § 2-
9 219.03 and Mayor's Order 83-265 (November 9, 1983) regarding job creation and
10 employment as a result of the construction on the Property.

11 (g) Pursuant to An Act Authorizing the sale of certain real estate in the
12 District of Columbia no longer required for public purposes ("Act"), approved August 5,
13 1939 (53 Stat. 1211; D.C. Official Code § 10-801 *et seq.*), the proposed method of
14 disposition is a public or private sale to the bidder providing the most benefit to the
15 District under D.C. Code § 10-801(b)(8)(F).

16 (h) All documents that are submitted with this resolution pursuant to D.C.
17 Official Code § 10-801(b-1) shall be consistent with the executed Memorandum of
18 Understanding or term sheet transmitted to the Council pursuant to D.C. Official Code §
19 10-801(b-1)(2).

20 Sec. 4. Approval of disposition.

21 (a) Pursuant to the Act the Mayor transmitted to the Council a request for
22 approval of the disposition of the Property to the Transferee.

23 (b) The Council approves the disposition of the Property.

1 Sec. 5. Fiscal impact statement.

2 The Council adopts the fiscal impact statement in the committee report as the
3 fiscal impact statement required by section 602 (c)(3) of the District of Columbia Home
4 Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02
5 (c)(3)).

6 Sec. 5. Transmittal of resolution.

7 The Secretary to the Council shall transmit a copy of this resolution, upon its
8 adoption, to the Mayor.

9 Sec. 6. Effective date.

10 This resolution shall take effect immediately.

11

DISPOSITION ANALYSIS
IN SUPPORT OF DISPOSITION OF REAL PROPERTY

Project Name: 5201 Hayes Street, NE
Property Description: Lot 0809, in Square 5197; 5201 Hayes Street, NE (the “Property”)
Size of Property: 93,540 Square Feet
Zoning of Property: C-M-1
Ward: Ward 7
Proposed Purchaser: Pennrose Properties, LLC and the Warrenton Group, LLC

General Description of Development Program:

Subject to PUD approval, the proposed Development Program will contain townhouse-style residential buildings, one four-story multi-family building, and parking. The residential component is comprised of approximately 150 rental dwelling units, with 50 units priced at or below 30% AMI that will serve as replacement units for residents of the LH/RD community and 100 dwelling units priced as affordable at or below 60% AMI. The Development Program will also contain approximately 80 podium parking spaces for tenants of the Property.

1. Proposed Method of Disposition. DC Official Code § 10-801(b)(8).

A public or private sale to the bidder providing the most benefit to the District. DC Official Code § 10-801(b)(8)(F).

2. Description of efforts to dispose of Property for direct “public benefit” as described on specific government plan adopted by the Mayor or Council (e.g. Community Development Plan, the Comprehensive Plan, the Strategic Neighborhood Plan, or the Comprehensive Housing Strategy Plan). DC Official Code § 10-801(a-2).

a. Public Benefits Requested in Solicitation.

The Property is in a prime location for redevelopment according to the Deanwood/Great Streets Strategic Development Plan and the Lincoln Heights/Richardson Dwellings (LH/RD) New Communities Revitalization Plan. Given the determinations under the Deanwood/Great Streets Strategic Development Plan and the LH/RD New Communities Revitalization Plan, DMPED concluded that the property can serve as an important catalyst for redevelopment in Deanwood while also serving as a housing site that can help meet the affordable replacement housing needs under the New Communities Initiative and issued a solicitation, as described in Section 3 below, seeking developers to develop and construct affordable housing for the New Communities Initiative.

Phase I of the LH/RD Revitalization Plan seeks to generate approximately 120 off-site affordable replacement housing units within the immediate neighborhood for residents of Lincoln Heights who would be relocated from that public housing site in order to begin redevelopment on-site. This project will support 50 of those replacement housing units while bringing in 100 new affordable units to the area.

b. Describe any Public Benefits in proposed Developer's Development Plan.

The Developer has proposed a one hundred percent affordable unit project with townhouse-style residential buildings and one four-story multi-family building, containing in the aggregate approximately 150 rental dwelling units, including 50 units priced as affordable to households earning at or below 30% AMI that will serve as replacement units for households of the LH/RD community. The additional 100 dwelling units will be priced as affordable to households earning at or below 60% AMI, and approximately 80 podium parking spaces will be reserved for tenants at the Property.

c. Public Uses included in proposed Developer's Development Plan (such as public parks, construction of roads, sidewalks, and other public amenities).

For over 15 years, the Property was a trash transfer facility that sorted recyclable materials. When the District purchased the Property in 2008, there was substantial remediation work required, including the need to demolish a dilapidated one-story structure that occupied 19,200 square feet of space on the site. Currently, the Property sits vacant and remains unutilized by anyone in the surrounding community. In its current state, the Property has deleterious effects on the neighborhood, as vacant street fronts create an uninviting feel and raise public safety concerns. In addition to the creation of a substantial number of affordable housing units, the proposed development will provide a use for the Property that will benefit the neighborhood by creating an active and well-lit streetscape, providing an improved pedestrian experience and increased public safety.

3. The chosen method of disposition, and how competition was maximized. DC Official Code § 10-801(b-1)(1)(A).

a. Description of solicitation process (include form of solicitation, how solicitation was advertised).

In April of 2009, DMPED issued a solicitation for offers for the redevelopment of the property. The solicitation outlined numerous objectives, which asked respondents to:

1. Create mixed-income housing that places realistic demands on area infrastructure (including parking);
2. Provide buildings and structures that present a safe environment for residents and neighbors, including an appropriate amount of public open space designed to maximize mobility, visibility, safety, and community-building;
3. Create building types that are contextual to the surrounding area;
4. Provide an appropriate amount of neighborhood and street-level retail and/or office space;
5. Provide public open spaces;
6. Create affordable replacement housing units for existing LH/RD residents;
7. Incorporate Universal Design principles into accessible housing and public spaces for seniors and disabled persons;

8. Include coordinated support for the New Communities case management program and target that support to those residents who will be relocated to the site;
9. Promote low-impact storm water management consistent with DDOT's low-impact strategy for Nannie Helen Burroughs;
10. Replacement housing units (priced at or below 30% of Area Median Income) for LH/RD families should account for no more than one-third of the total unit count;
11. Encourage a mixture of residential unit types and sizes, with the development plan(s) to include a mixture of one-bedroom, two-bedroom, three-bedroom and four bedroom units, recognizing the importance of accommodating the most prevalent need among bedroom sizes as a high priority;
12. Provide that replacement housing units should be dispersed throughout the development.

DMPED advertised the solicitation through a variety of methods, including posting on DMPED website, distribution to DMPED newsletter recipients, notification to all impacted ANC's and through local press coverage of the release of the solicitation.

The deadline for responding to the solicitation was July 6, 2009. DMPED received one proposal in response to the solicitation. DMPED reviewed the proposed development program and the development team presented their proposal to the community. On October 15, 2010, DMPED issued a request for a Best and Final Offer ("BAFO") to the development team to obtain additional information about the proposal and make any necessary refinements. DMPED reviewed all the information submitted by the development team and feedback from the community. On December 14, 2010, the development team comprised of Warrenton Group, LLC and Pennrose Properties, LLC was selected to be the Developer of the Property.

- b. Please describe the competitive bid process, including number of responses. Please also summarize each qualified bidder for the property. If no competitive process was followed, please explain why not, and how the developer was chosen and all key terms of the arrangement.***

The solicitation for offers process was utilized in order to generate creative and responsive proposals within a competitive process. One responsive proposal was received. The process schedule was as follows:

- | | |
|---|--------------------|
| • Issuance of Solicitation | April 7, 2009 |
| • Pre-offer Conference | April 21, 2009 |
| • Proposal Due Date | July 6, 2009 |
| • Meeting with Offeror | September 8, 2009 |
| • Offeror's Presentation to the Community | September 14, 2009 |
| • Distributed Request for BAFO | October 15, 2010 |
| • Deadline for BAFO | October 29, 2010 |
| • Selection of Offeror | December 14, 2010 |

Based on the following factors, the Evaluation Team selected the Developer to execute the redevelopment of the District owned parcel located at 5201 Hayes Street, NE:

- Strong Track Record
 - The Developer's track record of developing HOPE VI projects provides the District with a partner familiar with the needs of revitalization efforts in hard-to-develop areas
 - The Developer has 30 years of experience with the various issues that arise from managing and maintaining mixed-income, affordable properties
 - Development Program
 - The Developer's proposal to construct a mixed-income development with various levels of affordability provides a mix of incomes that are within the neighborhood's current levels
 - The Developer's Program includes a number of three- and four-bedroom units to reflect the needs of Lincoln Heights/Richardson Dwellings
 - Community Sensitivity
 - Neighboring residents initially raised concerns about the height of the proposed multi-family building. The Developer responded to this concern by developing a smaller building and thus provided an option that would satisfy the site's immediate neighbors
- c. Please describe any public hearings on the potential disposition and any public comment received during the public hearings.*

The responding development partnership made presentations at a community meeting held on September 14, 2009. On both November 4th, 2013, and June 2, 2014, DMPED and a member of the development partnership gave a status update on the project at a Lincoln Heights Community meeting at the Riverside Center.

- 4. The manner in which economic factors were weighted and evaluated, including estimates of the monetary benefits and costs to the District that will result from the disposition. The benefits shall include revenues, fees, and other payments to the District, as well as the creation of jobs. DC Official Code § 10-801(b-1)(1)(B).**
- a. Identify all relevant costs, including property value for the subject and surrounding property, cost of potential rehabilitation, current and / or past cost for upkeep on the property.*

An independent appraisal completed by Morris E. James and Associates when the District acquired the property in 2009. The Property was appraised at \$6,437,000. In June of 2013, a second independent appraisal was completed by Morris E. James and Associates and valued the property at \$3,087,000. Currently, the Property is vacant and, therefore, does not provide a revenue stream to the District. The structure that was on the site at the time of acquisition was deemed unfit for potential rehabilitation and was demolished in 2009. As a result, the property does not presently present a potential rehabilitation opportunity for the District.

b. Describe potential revenue that could be derived from the property and how it was maximized in selected disposition method.

The proposed Development Program for the Property will allow the District to derive both deed transfer and recordation taxes as well as long-term tax revenue from the Property. The Property has been vacant and unutilized and is not generating any revenue. The cost to the District related to the Property has been for routine maintenance and security as part of the District's asset management program.

The proposed Development Program is projected to generate the following for the District

Jobs:

- Temporary Construction Jobs (per developer): 149 jobs
- Temporary Construction Jobs (per Project Manager calculation): 137 jobs
- Permanent Jobs (per developer): 6 jobs
- Total Jobs for DC Residents (per developer): 76

Tax Revenue:

- Construction period (for 18 months): \$36K
- Ten-year estimate of property tax (per developer): \$1.4M

5. Please describe all disposition methods considered and provide a narrative of the proposed disposition method that contains comparisons to the other methods and shows why the proposed method was more beneficial for the District than the others in the areas of return on investment, subsidies required, revenues paid to the District, and any other relevant category, or why it is being proposed despite it being less beneficial to the District in any of the measured categories. DC Official Code § 10-801(b-1)(1)(C).

The District acquired the property specifically to provide both off-site replacement and new affordable units for LH/RD residents under the New Communities Initiative, given its size and proximity to the LH/RD community. Additionally, the former use of the site as a trash transfer station was highly undesirable for the community. Given the nature of the selected development program, the District can best reduce the demand on public capital and operating subsidies by opting to adopt the proposed disposition method. A fee-simple disposition allows the Developer to access the widest array of private financing options, thereby minimizing its reliance on District subsidies to achieve the District's policy objectives.

MORRIS E. JAMES & ASSOCIATES
REAL PROPERTY APPRAISERS
1234 MASSACHUSETTS AVENUE, NW, SUITE 128
WASHINGTON, D.C. 20005

(202) 628-5021
FAX: (202) 628-4907
E-Mail: morrisejames@aol.com
lby1957@aol.com

Morris E. James, ASA

Lindell B. Younger

June 17, 2013

Office of the Deputy Mayor for Planning and Economic Development
1100 4th Street NW
Suite 450E
Washington, D.C. 20024

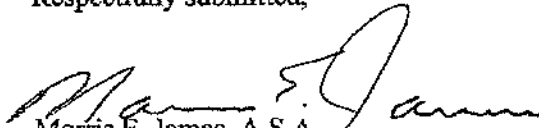
Attn: Ms. LaToiya Hampton

INVOICE- FOR APPRAISAL SERVICES

INVOICE # MEJ 2

Re: Appraisal
Square 5197, Lot 809
5201 Hayes Street, NE
Washington, DC
PO 462862 – DMPED-Appraisal Services (Hayes Street) \$ 6,480.00
Federal Tax Id # 578-52-3127

Respectfully submitted,


Morris E. James, A.S.A.
Certified General Real Property Appraiser
D.C. License #10022

JUN 21 10:47

TERM SHEET
Disposition of 5201 Hayes Street NE

Date	May 15 th , 2014
Seller	Government of the District of Columbia, acting by and through the Office of the Deputy Mayor for Planning and Economic Development (“ DMPED ”) (collectively, the “ District ”)
Buyer	A joint venture to-be-formed between Pennrose Properties, LLC and The Warrenton Group (the “ Developer ”)
Real Property	Real property (the “ Property ”) with a street address of 5201 Hayes Street, N.E. in Washington, D.C., known for tax and assessment purposes as Lot 809 in Square 5197, together with appropriate set-backs and appurtenances deemed necessary to construct the Development Program (as defined below).
Land Disposition Agreement	All of the terms and conditions of the sale and purchase of the Property will be governed by the terms of a Land Disposition Agreement (the “ LDA ”) to be negotiated and entered into by the District and the Developer. The LDA shall provide that the Property shall be conveyed by the District to the Developer for nominal consideration.
Disposition Structure	The Property will be conveyed in fee by the District to the Developer pursuant to D.C. Code § 10-801(b)(8)(F).
Consideration—Affordable Housing	As consideration to the District, approximately 50 of the residential units shall be reserved for existing residents of the Lincoln Heights and Richardson Dwelling public housing projects, and Developer shall be responsible for obtaining operating subsidy from the District of Columbia Housing Authority relating to such replacement units. A reentry agreement will be developed for the replacement units. The remaining residential units shall be reserved as additional affordable housing.
Conditions of Closing	In addition to the other District standard conditions of closing of sale pursuant to the LDA, the District’s obligation to convey the Property is conditioned upon:

	<ul style="list-style-type: none"> • The District’s approval of the Developer’s budget and project financing plan; • The Developer having obtained financing and equity to fund 100% of the development costs (less the District Subsidy (as defined below)); and • The Developer having provided the District development and completion guaranties pursuant to the LDA.
Developer Financing	Other than the District Subsidy, the Developer will be responsible for obtaining financing and equity to fund 100% of the costs of the Development Program. The District will incur no liability whatsoever should the Developer fail to obtain or close on financing for the Project.
District Subsidy	The District will provide a financial subsidy to be applied towards the costs of the Development Program in an amount not to exceed Nine Million Five-Hundred Dollars (\$9,500,000) (the “ District Subsidy ”). Under no circumstances whatsoever is the District Subsidy to exceed such amount.
Development Program	The Development Program (the “ Development Program ”) will consist of townhouse-style and elevator building(s) with approximately 80 parking spaces reserved for tenants, containing: (i) approximately 50 replacement residential units to be leased to tenants of the Lincoln Heights and Richardson Dwelling public housing projects, and (ii) approximately 100 additional affordable housing units.
Environmental Remediation	The Developer will be responsible for any and all environmental remediation required by Federal or District law related to the Property.
Green Building Requirements	The Developer shall construct the Development Program development in accordance with the <i>Green Building Act of 2006</i> , D.C. Official Code § 6-1451.01, <i>et seq.</i> (2007 Supp.), as amended.
Schedule of Performance	Following is the Schedule of Performance with estimated dates, which may be amended and extended with the approval of the District, or otherwise upon an event of force majeure: -- Execution of LDA (subject to D.C. Council

	<p>Approval of Surplus and Disposition Legislation) : 90 Council days after introduction of legislation</p> <ul style="list-style-type: none"> -- PUD Application Submission to DMPED: 30 days after Surplus and Disposition Legislation Approval -- PUD Submission to Zoning Commission: 60 days after Surplus and Disposition Legislation Approval -- 100% Construction Drawings submitted to DMPED: 180 days after PUD approval -- Closing under LDA: 360 days after Surplus and Disposition Legislation Approval -- Commencement of Construction: 30 days after Closing under LDA -- Completion of Construction: 420 days after Commencement of Construction
<p>Post Closing Requirements</p>	<p>The Developer shall be bound by the requirements of the Affordable Housing Covenant and the Construction and Use Covenant, the forms of which shall be attached to the LDA, which covenants may be amended with the approval of the District.</p>

INTENTION AND LIMITATIONS OF THIS TERM SHEET.

1. Developer acknowledges that all approvals required of Council will be granted or withheld in the sole and absolute discretion of Council and that, absent Council approval under D.C. Code § 10-801(2009), the Deputy Mayor for Planning and Economic Development (“DMPED”) has no authority to convey the Property to Developer. The failure to receive all required approvals of the Council shall not constitute a breach by DMPED under this Term Sheet. Developer acknowledges that it is entering into this Term Sheet prior to obtaining all necessary Council approvals. In the absence of such approvals, Developer proceeds at its sole risk and expense with no recourse whatsoever against DMPED.
2. Developer and DMPED agree that upon receipt of all necessary Council approvals under D.C. Code § 10-801(2009), Developer and DMPED shall finalize and execute an LDA governing all of the terms and conditions of the purchase and sale of the Property. Until Developer and DMPED enter into the binding LDA, both Developer and DMPED reserve the right to proceed with the purchase and sale in their sole and absolute discretion. Upon the execution of the LDA, Developer and DMPED shall proceed in accordance with the terms of the LDA; provided, however, that Developer and DMPED acknowledge and agree that any substantive change in the terms set forth in this Term Sheet shall be subject to further Council review and approval in accordance with D.C. Code 10-801(b-1)(6).

IN WITNESS WHEREOF, DMPED and Developer have caused this Term Sheet, dated May__, 2014 to be executed and attested by their respective duly authorized representatives.

DISTRICT:

DISTRICT OF COLUMBIA, by and through the Office of the Deputy Mayor for Planning and Economic Development

By: _____
Victor L. Hoskins,
Deputy Mayor for Planning and Economic Development

DEVELOPER:

PENNROSE PROPERTIES, LLC, a Maryland limited liability company

By: _____
Name:
Title:

THE WARRENTON GROUP, LLC, a District of Columbia limited liability company

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, DMPED and Developer have caused this Term Sheet, dated May __, 2014 to be executed and attested by their respective duly authorized representatives.

DISTRICT:

DISTRICT OF COLUMBIA, by and through the Office of the Deputy Mayor for Planning and Economic Development

By:
Victor L. Hoskins,
Deputy Mayor for Planning and Economic Development

DEVELOPER:

PENNROSE PROPERTIES, LLC, a Maryland limited liability company

By:
Name: MARK H. DAMBLY
Title: PRESIDENT


THE WARRENTON GROUP, LLC, a District of Columbia limited liability company

By:
Name:
Title:

IN WITNESS WHEREOF, DMPED and Developer have caused this Term Sheet, dated May 15, 2014 to be executed and attested by their respective duly authorized representatives.

DISTRICT:

DISTRICT OF COLUMBIA, by and through the Office of the Deputy Mayor for Planning and Economic Development

By: 
Victor L. Hoskins,
Deputy Mayor for Planning and Economic Development

DEVELOPER:

PENNROSE PROPERTIES, LLC, a Maryland limited liability company

By: _____
Name:
Title:

THE WARRENTON GROUP, LLC, a District of Columbia limited liability company

By: _____
Name:
Title:

**SUMMARY APPRAISAL
REPORT**

of

**5201 Hayes Street, NE
Square 5197, Lot 809
Washington, DC**

VALUATION AS OF:

June 6, 2013

PREPARED FOR:

**Mr. Surinder Sharma, CPM, CPPB
Contract Specialist
Office of the Deputy Mayor for Planning and Economic Development
1100 4th Street NW, Suite 500E
Washington, D.C. 20024**

PREPARED BY

**Morris E. James & Associates
1234 Massachusetts Avenue, N.W., Suite #128
Washington, D.C. 20005**

June 17, 2013

Mr. Surinder Sharma, CPM, CPPB
Contract Specialist
Office of the Deputy Mayor for Planning and Economic Development
1100 4th Street NW, Suite 500E
Washington, D.C. 20024

Re: Appraisal
Square 5197, Lot 809
5201 Hayes Street, NE
Washington, DC

Dear Mr. Sharma:

In compliance with your request, we have completed our appraisal of the captioned property and are submitting our findings herewith. The appraisal assignment, in this instance, is to estimate the Fair Market Value of the appraised property in the "As Is" i.e. present state of condition. The valuation analysis is presented in a Summary Appraisal format as promulgated in Standard 2-2b of the Uniform Standards of Professional Appraisal Practice (USPAP).

The property under appraisal is a vacant parcel of land that contains 93,540 square feet of land area. The parcel is located in the C-M-1 zoning district, a low-medium density industrial/commercial zoning category. The property located is located in the Deanwood neighborhood sector of Far Northeast Washington. The parcel is located to the rear of the church fronting Nannie Helen Burroughs Avenue, which could be assembled with the subject parcel for a larger more flexible development site.

Mr. Surinder Sharma
June 17, 2013
Page Two

On the basis of our analysis, the market value of the appraised property in the 'as is' state of condition, as of June 6, 2013, the effective date of the appraisal, is:

**THREE MILLION EIGHTY SEVEN THOUSAND DOLLARS
(\$3,087,000.00)**

Enclosed is our appraisal and accompanying photographs and graphics.

Respectfully submitted,

Lindell B. Younger
Certified General Real Property Appraiser
District of Columbia, License #10057

Morris E. James, A.S.A.
Certified General Real Property Appraiser
District of Columbia, License #10022

APPRAISAL REPORT

PROPERTY IDENTIFICATION

The appraised property is legally identified as Lot 809 in Square 5197 commonly known as 5201 Hayes Street, NE, Washington, District of Columbia.

PURPOSE OF THE APPRAISAL

In accordance with instructional guidelines outlined in the Scope of Services submitted by the Contracting Agency, the purpose of the appraisal is to estimate the Market Value of the appraised property in the "as is" condition.

INTENDED USE OF THE APPRAISAL

The client for this assignment is the District of Columbia's Office of the Deputy Mayor for Planning and Economic Development (DMPED), 1350 Pennsylvania Avenue Street, NE, Suite 317, Washington, D.C 20002. Based upon conversations with the client, it is our understanding that the intended use of the appraisal is to establish a reasonable price for disposition of the subject property. The intended users of the report are the clients, requisite agencies of the District of Columbia Government and public users deemed appropriate by the client.

"Market Value" Defined: The term "market value" as defined by the Uniform Standards of Professional Appraisal Practice as "the most probable price which a property should bring, in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus".

"Implicit in this definition is consummation of a sale as of a specified date and passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their own best interest;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and,
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

EFFECTIVE DATE OF VALUATION

The effective date of valuation is June 6, 2013.

CURRENT OWNERSHIP/SALES HISTORY

According to public records, ownership of the subject property is vested in the name of the District of Columbia Government. Based upon our research there has been no sale, offering or listing of the property over the past three (3) years.

SCOPE OF THE APPRAISAL

The appraisal assignment in this instance dictates the preparation of a Complete Appraisal reported in a Summary format as prescribed in Standard 2 of the Uniform Standards of Professional Appraisal Practice (USPAP).

The scope of the assignment entailed an analysis and study of economic, demographic and location attributes of the District of Columbia, the Deanwood and comparable neighborhoods of Northeast and Southeast Washington and the industrial land markets as applicable to the subject property. In addition, the applicable zoning, taxes and building/site attributes of the subject property were also studied.

Consistent with generally accepted appraisal methodology, the subject property is evaluated by application of the Sales Comparison Approach, the most valid method in the appraisal of vacant land. The value estimate for the subject property assumes there is no significant environmental contamination present on the site.

II. AREA AND NEIGHBORHOOD OVERVIEW

THE DISTRICT OF COLUMBIA

Washington, District of Columbia, the Nation's Capital, is the 'hub' of the Greater Washington Metropolitan Area, serving as the center of Federal Government and national/international business community for the region. The District of Columbia is bounded by the state of Maryland on the northwest, northeast, and southeast and the Potomac River on the south. In support of the Federal and local governments within the Washington Metropolitan area, private business entities provide contract goods and services. Tourism, retail and wholesale trades, diplomatic and legal/trade organizations and printing and food services are also significant to the city's economy.

The District of Columbia experienced a continuous and dramatic decline in population during the past thirty years; a period that exhibited a pronounced drop in the working, middle-class population. An overall population decrease of approximately 25 percent was reflected during this period decreasing the city population to approximately 540,000 persons. Resulting was city demographics to encompass an affluent upper class; a vastly reduced middle class and an underclass that continued to grow. However, it is noted that this depopulation trend appears to have slowed dramatically during the latter part of the 1990's. According to the US Census Bureau, the 2012 Population Estimate for the District of Columbia is 632,000 persons representing an increase of approximately 60,000 new residents since 2000.

The downturn of the commercial real estate market in the late 1980's to extend into the early 1990's further exacerbated the city's fiscal problems. However, despite the reduction of a large segment of the middle-class population of the city during that period, the per capita income in the District of Columbia remained among the highest of large urban areas in the country. As indicated by the city's increasing population and the fiscal austerity initiated by the DC Financial Control Board, the District of Columbia has been one of the more financially stable metropolitan areas in the nation with surpluses achieved over the past five years. The District's favorable financial picture has improved the city's municipal bond rating and allowed billions of dollars of investments in new or renovated schools, roads and bridges and massive urban renewal projects such as the Northwest One project, the Navy yard/Ballpark area project and the upcoming Southwest Waterfront development.

Washington, DC, is the center and economic base of the affluent Greater Washington Metropolitan area, ideally located between the industrial Northeast and the growing southeast. The city is served by a modern Metro rail system that functionally serves differing geographical areas of the city, extending into suburban Maryland and Virginia. Three major airports and twenty major airlines serve the city and the metropolitan area, as well as six major railroads. Four major interstate highways including I-495 (Capital Beltway), I-66, I-95/I-395 and I-295 assure easy access to other

metropolitan areas. Washington, DC is historically recognized as the Federal Government town, the Capital City of the United States. However, the city can no longer be viewed in that isolated perspective, but rather a city with a focus on expanding hi-tech operational centers catering to the Federal Government and the military. Also contributing to its emergence and revitalization is an expansive private office center, major universities with teaching hospitals, cultural centers and embassies.

Notwithstanding, the broad socio-economic and fiscal problems the city has faced over the past two decades, the District of Columbia has historically ranked as one of the top ten cities in the United States. The District of Columbia has historically been one of the premier business/office building locations with vacancy rates among the lowest and rental rates among the highest in the nation. According to recent publications, the District records the lowest vacancy rate of any major office market in the country reporting a 9.4 % vacancy at year end. The City had the highest average rents in the region with a reported average of \$ 55.00 per square foot, with "trophy" buildings in the East End reporting rents in the \$55-\$60 per square foot range.

During the period from 2001 to August of 2011, there were a total of 1,349 development projects in the city comprising a total of 268,887,006 square feet of building area (Development Report 2011/2012 edition Washington. This development boom consists of numerous signature projects in various sectors of the city including the East End Convention Center and Venison Center area, the Southwest Waterfront and Navy Yard/Ballpark Area, the Columbia Heights Metro Station Area and the NOMA area of "in-city Northeast Washington.

The District of Columbia, the Nation's Capital, is in the midst of a major renaissance with visible progress along several fronts since 1997-1998, to include a greater financial commitment of major programs and long-standing debt obligations by the Federal Government, the City's fiscal solvency, declines in crime rates in most major categories, the institution of tax incentives to spur home ownership and business development and an increase in home sales and residential property values during this period. These factors have stemmed the exodus of middle-class, taxpaying citizenry from the District of Columbia.

Development & revitalization is also reflected in the residential neighborhoods throughout the city, with record sales activity reported since 1997. Property values have generally doubled in most neighborhoods during this period. A 2007 report in Time Magazine indicates a change in housing values of approximately 108.1 % over the preceding five years with an increase of approximately 22 % per year. According to the Time survey, this represents the highest increase in the nation during this period. The revitalization of "in-city" areas such as Shaw, Logan Circle East and Columbia Heights has been well documented, as existing dwellings are being purchased, prices and renovated and land prices soared to record levels. Market demand is strong in the older stable neighborhoods of Northwest/Northeast Washington as shorter than "norm"

marketing periods are experienced, with recorded sales prices being consistent with asking prices. Renewed interest is likewise being exhibited in the outer southeast and northeast sectors of the city where housing prices are still attractive to first time homebuyers and middle class residents.

This residential renaissance was reflective of the renewed confidence in the District and the various programs/tax incentives being offered to first time home buyers in the city and the aggressive efforts in general, being made by the District's Department of Housing and Community Development and the DC Housing Authority in ridding the city of non-suitable housing. According to Development Activity, an annual report of real estate development activity published by the DC Marketing Center, since January of 2001 58,210 units of new or renovated residential housing has been completed (or planned) in the city. Residential (apartment) vacancy rates are reported by various publications in the 4% range. While property values contracted during the 2007-2010 period values have stabilized over the past 18 months (generally) around the city. The District remains highly competitive relative to suburban districts and national markets. The single-family housing market is experiencing resurgence with well priced properties selling in the 30-45 day range. The biggest dilemma now facing city officials is the ability to provide affordable housing for its shrinking low and middle income residents.

The District of Columbia economy, while insulated to a degree by the presence of the Federal Government, has also felt the effect of the economic downturn in the national economy and the financial markets. New projects have been hampered by the inability to gain financing and numerous condominium projects have been reverted to a rental status. The comments relative to market conditions and analysis and the proper time adjustments to be applied to comparable sales seem to reflect a global view as opposed to the neighborhood and market segment viewpoint in the context of value for this project. The Appraisers clearly recognize the market contraction and diminution in value as a result of the economic downturn and housing crisis experienced nationally, regionally and in the District of Columbia. We note, however, that this value contraction and market slowdown is not as dramatic in the District of Columbia as experienced in the abutting jurisdictions and outer suburbs. In fact, the closer to the District proper there tends to be a less dramatic decrease in housing prices from the robust 2000-2006 period. More importantly, the impact of the downturn must be directly related to the particular market segment and the particular neighborhood as relates to a specific property.

The multi-family (rental) housing market, particularly in moderate income locations, has not experienced the contraction in rental rates or values similarly experienced in the single-family housing market and upscale condominium market. This factor is directly attributable to a number of factors, mainly the government influence through programs such as the LIHTC, Section 8, below market financing and the modest pricing levels impacting economies of scale. These programs create an insulated market which tends to stabilize development risk and prices.

NEIGHBORHOOD OVERVIEW

The appraised properties are located along the eastern sector of the Deanwood neighborhood, an extensive area of "FAR" Northeast Washington, District of Columbia, whose general boundaries are defined as follows:

- (A) South - East Capitol Street and Central Avenue;
- (B) West - Minnesota Avenue/I295
- (C) North - Eastern Avenue; and,
- (D) East - Southern Avenue and the District of Columbia/Maryland Boundary Line.

The Deanwood area is predominantly a residential neighborhood developed primarily with detached and semi-detached single-family homes and low-density apartments. Commercial facilities are found, primarily, along Minnesota Avenue along the west boundary of the area, with light commercial activities being located along Nannie Burroughs Avenue and Sheriff Road.

The "prime" (residential) location within the Deanwood neighborhood is the southwest sector in and around East Capitol/Benning Road, to extend Eastward to Deanwood to Division Avenue, with good quality, modern detached and semi-detached dwellings. Northward and eastward from the defined area, building size and quality, and resulting property values gradually diminishes. Generally, the area east of Division Avenue, more specifically, the area north of Clay/Dix Street and east of 55th Street is the least developed area of the Deanwood community. Within the general area, in which the appraised properties are located, is found the greatest amount of vacant land. Existing development is "non-planned", with the housing pattern consisting of a mixture of old detached frame dwellings, to recently constructed, brick semi-detached and detached dwellings. Building construction quality in this area tends to be lower than that found in those residences in/around the East Capitol Street corridor. Housing prices typically range from \$150,000 to \$350,000 with the higher end being found along the East Capitol Street corridor. The Appraisers have noted several recent sales in along the Nannie Helen Burroughs corridor to range from \$200,000 to approximately \$ 340,000. Several new, larger, dwellings have recently sold in the \$400,000 range

The major transportation corridors serving the area are East Capitol Street, Division Avenue, Nannie Burroughs Avenue, Minnesota Avenue and Sheriff Road. Metro Rapid Rail Transit stops are located along Minnesota Avenue at Grant/Gault Streets/Nash Street, and approximately 3-4 blocks south of subject at East Capitol Street and Southern Avenue.

The Deanwood neighborhood remains one of the more underdeveloped neighborhoods of the city representing a real opportunity for affordable housing for low/middle income citizens. Continued revitalization of the commercial corridors and planned housing efforts by the city is needed to provide the momentum to revitalize this area. The District's Public Housing Authority and numerous private groups such as the George Washington Carver Apartment Cooperative are in the process of developing large scale projects that will positively impact the neighborhood. The Good Success Baptist Church is also redeveloping numerous properties along the Sheriff Road and Good Hope Road corridor. New development in the immediate neighborhood includes the \$120 Million Dollar HD Woodson High School completed in 2012 and the new apartment building in the 4800 block of Nannie Helen Burroughs Avenue.

DISCUSSION OF ZONING

The subject property is located within the C-M-1 zoning district. the C-M-1 zone is a low-bulk industrial zoning category wherein the predominant land use is for warehousing and light manufacturing usage. The C-M-1 zoning category permits a variety of alternate land uses to include retail facilities, motels, office and automotive usage. The C-M/M zoning districts were principally conceived as industrial/manufacturing zoning classifications are essentially obsolete by today's standards due to the lack of demand for vertical industrial development. However, construction of new residential dwellings is not permitted within this zoning district.

Within the C-M-1 zoning district, newly constructed buildings are subject to a 40 foot height limit (3 stories) and an FAR (Floor-Area-Ratio) of 3.0 (300 percent of the lot area). No requirement exists for side yards but a minimum depth of 12 feet must be provided for rear yards.

On site parking requirements vary according to the type of land usage under the C-M-1 zoning and are summarized as follows:

- Manufacturing/Industrial: One space for each 1,000 square feet of gross floor area;
- Warehousing: One space for each 3,000 square feet of gross floor area;
- Offices: In excess of 2,000 square feet, one space for each additional 800 square feet of gross floor area;
- Retail/Service Establishment: In excess of 3,000 square feet, one space for each additional 750 square feet of gross floor area;

REAL ESTATE ASSESSMENT AND TAXES

Real property is assessed for tax purposes by the District of Columbia Assessor's Office at 100 percent (100%) estimated "Fair Market Value". The property is classified as a Class II i.e. commercial property and is taxed at the rate of \$ 1.65 per \$100.00 assessed valuation (applicable to the first \$3,000,000 of assessed valuation). The Tax Year 2012 Real Estate Assessment(s) for the appraised property, covering the period from October 1, 2011 to September 30, 2012, is as follows:

<u>LAND ASSESSMENT</u>	<u>IMPROVEMENT ASSESSMENT</u>	<u>TOTAL ASSESSMENT</u>	<u>ANNUAL TAXES</u>
\$ 2,806,200	-----	\$ 2,806,200	-----

Note: The property is owned by the DC Government and is exempt from real property taxation. The property assessment reflects a land rate of \$ 30.00 per square foot.

III. PROPERTY DESCRIPTION AND OVERVIEW

SITE DESCRIPTION

The site is a slightly irregular-shaped (triangular-shaped) lot containing 93,540 square feet or approximately 2.15 acres of land area. The site has frontage of approximately 595 feet along Hayes Street with ingress frontage along 51st Street. The south boundary extends approximately 360 feet along the old Railroad right-of-way. There is a 10 foot dedicated but unimproved alley along the east boundary of the site, which extends approximately 298 feet. The lot is situated to the rear of the church site (Lot 65) fronting along Nannie Helen Burroughs Avenue.

The topography of the site drops off moving northward from Hayes Street. On-site improvements include an approximate 7-foot high fence along the perimeter of the parking area. All public utilities i.e. municipal sewer and water, electricity, natural gas, telephone service, etc. currently serve the site

HIGHEST AND BEST USE

The term "Highest and Best Use", as applied in Real Property valuation, refers to that reasonable and probable use that will support the highest present value as of the effective date of the appraisal. Alternatively, that use, from among (reasonably) probable and (legal) alternative uses, found to be physically possible, approximately supported, financially feasible, and which results in the highest land value.

The subject parcel is located within the C-M-1 industrial zoning district, zoning designation considered obsolete for the property given the commercial residential character of the neighborhood and the poor access to the site that would be unattractive to an industrial user. The highest and best use of the site would likely be assemblage with adjacent Lot 65, the converted church property with frontage along Nannie Helen Burroughs Avenue.

VALUATION SECTION

THE APPRAISAL ASSIGNMENT

The purpose of the appraisal is to estimate the market value of the fee simple interest of the property in the "As Is" state of condition.

METHOD OF APPRAISAL

Consistent with generally accepted appraisal methodology, the subject property is evaluated by application of the Sales Comparison Approach, the most valid method in the appraisal of vacant land. The value estimate for the subject property assumes there is no significant environmental contamination present on the site. The land value estimate for the property in the "as is" condition is predicated upon the proposed plan is predicated upon the existing C-M-1 zoning. The property is availed plottage value due to potential assemblage with adjacent Lot 65 which has significant frontage along Nannie Helen Burroughs Avenue.

Application of the Sales Comparison Approach encompasses direct comparison of the property under appraisal with properties that have recently sold in the open market considered to have like or similar (development) utility as the appraised property. In finalizing a value estimate by this approach, adjustment factors are considered to recognize value-contributing differences (as applicable) between the appraised property and the comparable sales.

(A) MARKET VALUE ESTIMATE – “As Is”

The Market Value Estimate for the appraised parcel, as previously stipulated, is established by application of the Sales comparison or Market Data Approach. Extension of the “Sales Comparison Approach” typifies traditional application of the Market Data Approach. Accordingly, the valuation analysis entailed a comprehensive review of the Northeast commercial/ industrial land sales market within the Deanwood, Lily Ponds, Brentwood, Eckington, Woodridge and comparable industrial markets in “Near” NE Washington, DC. Due to the significant rezoning of industrial sites and the scarcity of industrial zoned land throughout the District of Columbia, our study period was expanded outside of the “in-city” and over the past five (5) year period. In finalization of our (value) findings, all sales were documented by tax records, field checked, and where applicable, confirmed with parties to transactions

Based upon our review of the applicable commercial land markets, we have identified seven (7) sales of vacant sites (or improved sites wherein the preponderance of value is vested in the land) for consideration by the Market Data Approach. Considering the size and physical attributes of the parcel, direct comparability is not afforded the sales for application of a quantitative comparative analysis. The sales, with applicable adjustments applied, however, provide a reasonably valid indicator of the value for the subject parcel. The Appraisers note that there were numerous land conveyances within the immediate neighborhood which were not included in the sale listing due to utility factors/development potential and zoning.

In the Comparable Sales Listing to follow, an in-depth profile of the selected sales is provided. With the subject property being basically “raw land” and recognizing the subjectivity involved in projecting the developable units for the comparable sales, the unit of comparison most applicable in this assignment is the price paid “Per Square Foot of Land Area”. A generalized “Comparative Analysis” and subsequent opinion of the value for the subject parcel is presented following the Comparable Sales Listing.

COMPARABLE LAND SALES

Sale # 1

Property Location: 1017 Brentwood Road, NE
Legal Description: Square 3865, Lot 802
Date of Sale: January 8, 2013
Sales Price: \$ 1,360,000
New Owner: 1155 W Street LLC
Land Area/Zoning: 37,878 square feet; zoned C-M-1

Comments:

An interior, narrow lot fronting along the east side of Brentwood Road between W Street and V Street, NE. Site was originally improved with a low density industrial building that was subsequently razed.

Sales Price Per Square Foot of Land Area: \$ 35.91

Sale # 2

Property Location: 1226 W Street, NE
Legal Description: PAR 143/107
Date of Sale: January 8, 2013
Sales Price: \$ 1,570,000
New Owner: IESI MD Corporation
Land Area/Zoning: 36,642 square feet; zoned C-M-1

Comments: A rectangular-shaped parcel with approximately 150 feet along the north side of W Street extending to a depth of approximately 175 feet. The site has an old industrial building of limited contributory value on the site.

Sales Price Per Square Foot of Land Area: \$ 42.85

Sale #3

Property Location: 1810, 1824, 1826 Bladensburg Road NE

Legal Description: PAR 153/26 (1810 Bladensburg Road NE)
Square 4258, Lots 11 & 815
(1824, 1826 Bladensburg Road NE)

Date of Sale: December 15, 2010

Sales Price: \$ 7,000,000

New Owner: 1826 Bladensburg Road NE LLC

Land Area/Zoning: Lot 11 - 58,512 square feet
Lot 815 - 29,373 square feet
PAR 153/26 - 42,689 square feet

130,574 square feet

Comments: A rectangular-shaped parcel located near the intersection of Bladensburg Road and Montana Avenue.

Sales Price Per Square Foot of Land Area: \$ 53.61

Sale # 4

Property Location: 2121 West Virginia Avenue, NE

Legal Description: PAR 153/88

Date of Sale: April 9, 2009

Sales Price: \$ 798,500

New Owner: Gask LLC

Land Area/Zoning: 17,646 square feet; zoned C-M-1

Comments: A rectangular-shaped corner parcel fronting 17th Street and West Virginia, NE. The parcel is improved with a small one-story building and is used as a Shell service station. The sale is superior to the subject in terms of utility.

Sales Price Per Square Foot of Land Area: \$ 45.00

Sale # 5

Property Location: 1218 Mount Olivet Road, NE (Sale 1)
1218 Mount Olivet Road-Rear, NE (Sale 2)

Legal Description: PAR 141/65 (Sale 1)
PAR 141/74 (Sale 2)

Date of Sale: July 2, 2009 (Sale 1)
October 6, 2009 (Sale 2)

Sales Price: \$ 500,000 (Sale 1)
\$ 450,000 (Sale 2)
\$ 950,000

New Owner: Robert Siegel (Same entity for both sales)

Land Area/Zoning: 17,641 square feet (Sale #1)
3,931 square feet (Sale #2)

21,572 square feet; zoned C-M-1

Comments: A t-shaped lot having minimal frontage along Mount Olivet Road but situated adjacent to several small lots owned by the Grantee in this transaction. The lot as assembled with the adjacent parcels (PAR 141/73 and 74) form a rectangular-shaped site with functional development potential. PAR 141/73 was acquired in 2006 and is not included in this land conveyance.

Sales Price Per Square Foot of Land Area: **\$ 44.04**

Sale # 6

Property Address: 2155 Queens Chapel Road, NE

Legal Description: Square 4258, Lot 142

Date of Sale: September 24, 2007

Total Consideration: \$ 3,276,000

Grantee: Bardon Inc.

Land Area: 82,530 square feet; zoned C-M-1

Comments: A large parcel improved with a warehouse containing 18,276 square feet of building area. The parcel is irregular-shaped with approximately 455 feet of frontage along Queens Chapel Road. The site extends to a depth of approximately 200 feet. The property is located off Bladensburg Road near the old B & O railroad right-of-way. Improvements provide a minority contribution to the property value.

Sales Price Per Square Foot of Land Area: \$ 39.69

Sale # 7

Property Address: Okie Street, Fenwick Street and West Virginia Avenue, NE

Legal Description: Square 4093, Lots 19, 20 & 21

Date of Sale: March 8, 2012

Sales Price: \$ 16,750,000

New Owner: District of Columbia Government

Land Area/Zoning: 266,675 square feet; zoned C-M-1

Comments: The site is comprised of three(3) contiguous irregular-shaped lots bounded by Okie Street, Fenwick Street and West Virginia Avenue. The lots and square foot areas are summarized as follows.

<u>(SF)</u>	<u>Legal</u>	<u>Street/Frontage</u>	<u>Size</u>
	4903/19	Fenwick Steet-435.83 ft./West Virginia Ave.-374.82 ft.	127,933
	4903/20	Okie Street – 354.24 ft.	95,182
	4903/21	Okie Street-429.19 ft./16 th Street-12.75 ft.	<u>43,560</u>
			266,675
			(6.12 Acres)

The properties are contiguous; however, the continuity of the site lends development of the site as two distinct sectors. The abutment of the sites along Lots 19 and 21 is relatively narrow and of a non-functional configuration. The most probable/practical use of the sites would entail development of Lots 20 and 21 (both fronting Okie Street) as a stand alone parcel and Lot 21 with two street frontage/corner visibility (Along Fenwick and West Virginia Avenue) representing a viable development site as a single entity, as well.

The site is generally level and on grade with Okie Street, along Lots 20 and 21. Lot 19, is situated above the grade of Fenwick and West Virginia Avenue. The West Virginia Avenue frontage rises approximately 10-15 feet above street grade with the Fenwick Street frontage approximately 5-10 feet above street grade.

Sales Price Per Square Foot of Land Area:

\$ 62.81

SALES COMPARISON APPROACH

In the Comparable Sales Listing, we have profiled seven (7) industrial land sales of properties considered to have general comparability to the subject property. The selected sales reflect unit values to range from \$ 35.91 to \$ 62.81 per square foot of Land Area, the most valid unit of measurement in this assignment. The comparables, in this instance, have varying degrees of similarity and preclude the application of a direct comparative process.

From the sales listing, which is summarized on the facing page, we have selected Sales # 1, 2, 3, 4 and 5 as the primary comparables in our analysis of the subject property. Sale # 6 is a As is applicable in developing the comparative analysis, adjustment factors are applicable to recognize value contributing differences for factors to include, time, location and site/building utility. The subject property has poor ingress/egress and visibility with the lot having an irregular configuration. These factors inhibit the development potential and appeal of the property. A general comparative analysis and overview of the respective sales are presented to follow.

COMPARATIVE SALES ANALYSIS

Sale # 1, located at 1017 Brentwood Road, NE, conveyed at the rate of \$ 35.91 per square foot of Land Area. Site conveyed in January 8, 2013 and contains 38,878 square feet of land area. The site location is superior; however, utility is inferior. An overall downward adjustment of 10 % is applicable to the sale.

INDICATED UNIT VALUE: \$ 35.91 per sq. ft x .90 = \$ 32.32 per sq. ft

Sale # 2, located at 1226 W Street, NE, conveyed at the rate of \$ 42.85 per square foot of Land Area. Site conveyed in January 8, 2013 and contains 36,642 square feet of land area. The site location is superior and utility is comparable. An overall downward adjustment of 20 % is applicable to the sale.

INDICATED UNIT VALUE: \$ 42.85 per sq. ft x .80 = \$ 34.28 per sq. ft

Sale # 3, located at 1810, 1824, 1826 Bladensburg Road NE, conveyed at the rate of \$ 53.61 per square foot of Land Area. Site conveyed in December 15, 2010 and contains 130,574 square feet of land area. The site location is superior and utility is superior, as well. An overall downward adjustment of 20 % is applicable to the sale.

INDICATED UNIT VALUE: \$ 53.61 per sq. ft x .70 = \$ 37.53 per sq. ft

Sale #4, located at 2121 West Virginia Avenue, NE, conveyed at the rate of \$ 45.00 per square foot of Land Area. Site conveyed in August 24, 2011 and contains 17,646 square feet. The site location is superior and utility is comparable. An overall downward adjustment of 30 % is applicable to the sale.

INDICATED UNIT VALUE: \$ 45.00 per sq. ft x .70 = \$ 31.50 per sq. ft

Sale #5, located at 1218 Mount Olivet Road, NE, conveyed at the rate of \$ 44.04 per square foot of Land Area. Site conveyed in October of, 2009 and contains 21,572 square feet. The site location is superior and utility is comparable. An overall downward adjustment of 30 % is applicable to the sale.

INDICATED UNIT VALUE: \$ 44.04 per sq. ft x .70 = \$ 30.83 per sq. ft

LAND VALUATION CONCLUSION

The "adjusted" unit value estimates reflected by the comparable sales reflect a range of \$ 30.83 to \$ 37.53 per square foot of land area or an average of \$ 33.29 per square foot of land area. The properties are considered to have varying degrees of comparability to the subject with respect to size and development potential. On the basis of our analysis, we conclude a unit land rate applicable to the subject property of \$ 33.00 per square foot of land area.

According to public records, the appraised site, legally identified as Lot 809 in Square 5197, contains 93,540 square feet of land area. Thus, on the basis of the foregoing analysis, the estimated land value of the appraised site, as of June 6, 2013 the effective date of the appraisal, is as follows:

93,540 square feet x \$ 33.00 per square foot = \$ 3,086,820

ROUNDED:

**THREE MILLION EIGHTY SEVEN THOUSAND DOLLARS
(\$3,087,000.00)**

Respectfully submitted,

Lindell B. Younger
Certified General Real Property Appraiser
D.C. License #10057

Morris E. James, A.S.A.
Certified General Real Property Appraiser
D.C. License #10022

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Morris E. James, A.S.A.

Lindell B. Younger

June 17, 2013

Office of the Deputy Mayor for Planning and Economic Development
1100 4th Street NW
Suite 450E
Washington, D.C. 20024

Attn: Ms. LaToiya Hampton

INVOICE- FOR APPRAISAL SERVICES

Invoice # MEJ 2

Re: Appraisal
Square 5197, Lot 809
5201 Hayes Street, NE
Washington, DC
PO 462862 – DMPED-Appraisal Services (Hayes Street) \$ 6,480.00
Federal Tax Id # 578-52-3127

Respectfully submitted,

Morris E. James, A.S.A.
Certified General Real Property Appraiser
D.C. License #10022

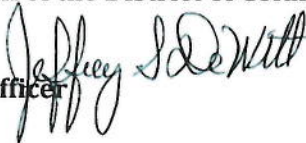
Government of the District of Columbia
Office of the Chief Financial Officer



Jeff DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeff DeWitt
Chief Financial Officer 

DATE: June 6, 2014

SUBJECT: Fiscal Impact Statement – “5201 Hayes Street, N.E. Disposition
Approval Resolution of 2014”

REFERENCE: Draft Resolution provided to the Office of Revenue Analysis on June 4,
2014

Conclusion

Funds are sufficient in the proposed FY 2014 supplemental budget and proposed FY 2015 through FY 2018 budget and financial plan to implement the resolution.

The conveyance in fee of this property would reduce District real property assets by approximately \$2,806,200.¹ However, this will have no direct fiscal impact on the District’s budget and financial plan because assets are not included in the budget and financial plan. Under the proposed terms, the District will provide up to \$9,500,000 of subsidy for the project from the New Communities Initiative (NCI).²

Background

The property is located at 5201 Hayes Street, N.E., and is known for tax and assessment purposes as Lot 809 in Square 5197 (“Property”). The resolution authorizes conveyance of the property to Pennrose Properties (“Transferee”) to construct a townhouse-style affordable housing development with approximately 150 units and 80 parking spaces.

¹ FY 2015 Proposed Taxable Assessed Value according to OTR’s Real Property Tax Database, accessed June 4, 2014. <https://www.taxpayerservicecenter.com>

² NCI is a program within the office of the Deputy Mayor for Planning and Economic Development to revitalize distressed subsidized housing and redevelop neighborhoods. For more on the New Communities Initiative see (<http://dmped.dc.gov/page/new-communities-initiative-nci>).

The Honorable Phil Mendelson

FIS: "5201 Hayes Street, N.E. Disposition Approval Resolution of 2014," Draft Resolution provided to the Office of Revenue Analysis on June 4, 2014.

The proposed terms requires the Transferee to reserve approximately 50 residential units for existing residents of the Lincoln Heights and Richardson Dwelling public housing properties, and for the District to provide up to \$9,500,000 of subsidy for the new property.

Financial Plan Impact

Funds are sufficient in the FY 2014 proposed supplemental budget and proposed FY 2015 through FY 2018 budget and financial plan to implement the resolution. The conveyance of this property reduces the real property assets of the District, but assets are not included in the budget and financial plan.

The District's conditional commitment of up to \$9,500,000 is budgeted in the New Communities Initiative capital project.³ Exact amount of the subsidy will be determined when the District and the developer finalize the project terms; at this time the District's commitment will be put in an escrow account.

³ Capital project number EB008.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL



Legal Counsel Division

MEMORANDUM

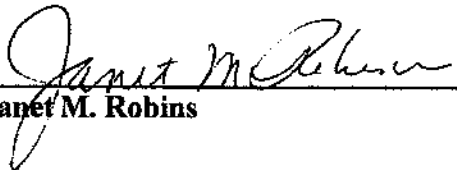
TO: Lolita S. Alston
Director
Office of Legislative Support

FROM: Janet M. Robins
Deputy Attorney General
Legal Counsel Division

DATE: April 25, 2013

SUBJECT: 5201 Hayes Street, N.E. Surplus Declaration and Disposition Approval Resolutions of 2014
(AE-13-292B)

This is to Certify that this Office has reviewed the legislation entitled the "5201 Hayes Street, N.E. Surplus Declaration and Approval Resolution of 2014" and the "5201 Hayes Street, N.E. Disposition Approval Resolution of 2014" and found them to be legally unobjectionable. If you have any questions, please do not hesitate to call me at 724-5524.



Janet M. Robins