



# District of Columbia Housing Authority

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Adrienne Todman, Executive Director

Sara Benjamin Bardin  
Director  
District of Columbia Office of Zoning  
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Washington, DC 20001

**RE: Capper/Carrollsborg Request for Two-Year Extension For Community Center in Square 881W**

Dear Ms. Bardin:

On July 12, 2010, the District of Columbia Zoning Commission approved the District of Columbia Housing Authority's (DCHA) request for a two-year extension for the permitting and construction of the community center to be located on Square 881 W. On behalf of DCHA and our development partners, I am writing to request an additional two-year extension for the permitting and construction of the community center. The additional time being requested is necessary due to insufficient funding to construct the community center, and to allow DCHA additional time to secure the financing necessary for the construction of the community center.

In September 2008, the Arthur Capper\Carrollsborg Public Improvements Revenue Bond Approval Act took effect. This legislation permits DCHA to issue up to \$55 million in bonds backed by Payment in Lieu of Taxes ("PILOT") made by homeowners and owners of the office and multifamily buildings constructed within the Capper PILOT area. The purpose of the bonds is to finance the extensive infrastructure improvements necessary and the construction of community amenities, including the Capper Community Center. In December 2009, the Council of the District of Columbia authorized the issuance of a \$29 million Bond Anticipation Notes (BANs) as an interim financing mechanism. The BANs were sold and the bond proceeds were disbursed on March 31, 2010.

Of the \$29 million in BANs proceeds, \$13 million were expended on the takeout of outstanding private financing DCHA previously obtained to invest in Phase I infrastructure improvements. The balance has funded other necessary infrastructure costs in the PILOT area that permit DCHA to build the planned public housing and create market rate units that are necessary to generate real estate tax revenue essential to pay off the bonds. Therefore, these activities had to occur prior to construction of the community center because these units generate taxes that support the BANs.

DCHA anticipates an issuance of the \$55 million in PILOT bonds within the next year. The \$55 million in PILOT bonds will be used to takeout the \$29 million BANs, and the remaining proceeds will be spent to continue the infrastructure work for the entire PILOT area and to construct the community

center, which we estimate will cost \$7.6 million. DCHA is currently working with the District on the refinancing of the BANs by December 2012.

With regard to other financing that DCHA successfully secured after award of the HOPE VI grant, in September 2009, DCHA was awarded \$9.5 million in American Recovery and Reinvestment Act (ARRA) funds, also known as “Stimulus” funds, for the Arthur Capper Carrollsburg project. The conditions attached to the award of the \$9.5 million grant required that funds be spent exclusively on the public infrastructure work related to the 163 units, which include 47 public housing units and 116 homeownership units, planned as part of the Phase II townhomes. Moreover, these funds were awarded to DCHA in order to fill the financing gap that was created by the financial downturn that nearly brought the entire project to a stop. As such, the stimulus funds are restricted and therefore cannot be used to construct the community center.

In the interim, DCHA has contributed \$1.7 million of the PILOT funds towards the construction of Canal Park, a three square park in the Capper neighborhood. The park will provide passive and active recreational opportunities for the Capper residents. In addition, DCHA negotiated with the Capitol Hill Day school to sod the future site of the community center so that it can be used by the community as a play field. We continue to work on the specifics of the use of this field with the intention to have the area available for play space by the end of spring of this year.

Lastly, DCHA is working with and soliciting a potential anchor tenant that will operate the community center and also contribute funding for the construction of the community center.

In summary, we believe that this time extension is warranted for the following reasons:

- The downturn in the economy brought real estate investment activities to a halt.
- DCHA's ability to issue the planned \$55 million in PILOT bonds was significantly delayed.
- The current and planned projects at Capper have forced DCHA to reduce the amount of the interim BANs issuance to \$29 million, which paid off outstanding private financing the agency incurred to keep the project on track and the balance of which was needed to fund other infrastructure costs.
- Stimulus funds are limited and are restricted for infrastructure construction for the townhomes in Phase II.

Given the slow recovery of the economy and the factors described above, DCHA requests the Zoning Commission approve a two-year extension of time for the permitting and construction of the community center.

Thank you in advance for your careful consideration of this request.

Sincerely,



Adrienne Todman