



2017 NOV -6 AM 9:58  
OFFICE OF THE  
SECRETARY

MURIEL BOWSER  
MAYOR

NOV 6 2017

The Honorable Phil Mendelson  
Chairman  
Council of the District of Columbia  
1350 Pennsylvania Avenue, N.W., Suite 504  
Washington, DC 20004

Dear Chairman Mendelson:

Enclosed for consideration by the Council is a bill entitled the "Crummell School Site Surplus and Disposition Approval Act of 2017".

This bill will declare District owned real property known as the Crummell School Site, located at 1900 Gallaudet Street, N.E., and known for and assessment purposes as Lot 0022 in Parcel 0142, less and excepting the historic Crummell School building, ("Property") as surplus and approve its disposition.

The Property and the historic Crummell School building ("Site") are located on the north side of Gallaudet Street, N.E., and bounded by Gallaudet Street N.E. to the south, Kendall Street N.E. to the west, and Okie Street N.E. to the north. The Site is a trapezoidal lot approximately 108,029 square feet in size. The historic Crummell School building, approximately 20,000 square feet in size, will be retained by the District for public use.

The proposed development program will focus on restoring the historic Crummell School building and activating an underutilized vacant site in the heart of Ivy City with a mixed-use development. Once restored, the historic Crummell School building will once again be a community centerpiece, and provide much needed community amenities tailored to the residents' needs. The mixed-use development will include industrial space, neighborhood-serving retail, and 30% of residential units as affordable housing. Redevelopment of the Site will foster economic development, including jobs and job training in the Ivy City community.

The District acquired the Site in 1910 from a private landowner for the purposes of constructing a school. The historic Crummell School building was designed by noted Municipal Architect Snowden Ashford in 1910 and was constructed in 1911-1912 to replace the former, wooden Ivy City School. The school is significant for its architecture and its contribution to African American History in the District of

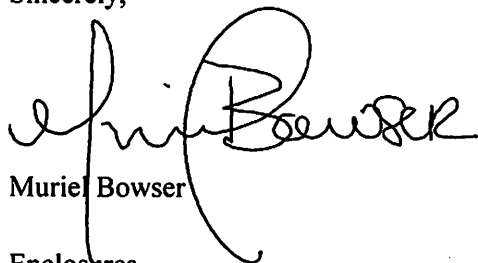
Columbia, including its association with the life and work of Alexander Crummell (1819-1898), the clergyman, abolitionist, teacher, and missionary for whom the school is named. The Site was used for educational purpose until 1974. The Site has been vacant since the early 1980's.

In 2016, the Office of the Deputy Mayor for Planning and Economic Development ("DMPED") released a Request for Proposals ("RFP") for the rehabilitation of the historic Crummell School building and redevelopment of the Property. Upon review of the proposals from each responsive team to the RFP, and in consideration of the requested criteria from the community and ANC 5D, DMPED selected the development team Ivy City Partners, LLC, comprised of S/C Ivy City Partners, LLC, OceanPro Properties, LLC, and The Jarvis Company, LLC (collectively, the "Developer"). The Managing Member of the Developer is S/C Ivy City Partners, LLC.

Approval of the bill will declare surplus and allow for the disposition of the Property to the Developer to restore the historic Crummell School building and create a vibrant mixed-used development and provide the community with much needed neighborhood-serving retail and affordable housing.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Murie Bowser". The signature is written in a cursive style with a large, looping initial "M".

Murie Bowser

Enclosures

  
Chairman Phil Mendelson  
at the request of the Mayor

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8 A BILL  
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12 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA  
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16 To approve the surplus and disposition of District-owned real property, known as the  
17 Crummell School Site, located at 1900 Gallaudet Street, N.E., and known for and  
18 assessment purposes as Lot 0022 in Parcel 0142.  
19

20 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,  
21 that this act may be cited as the “Crummell School Site Surplus and Disposition Approval  
22 Act of 2017”.

23 Sec. 2. Definitions.

24 For the purposes of this resolution, the term:

25 (1) “Certified Business Enterprise” means a business enterprise or joint  
26 venture certified pursuant to the Small, Local and Disadvantaged Business Enterprise  
27 Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33;  
28 D.C. Official Code § 2-218.01 *et seq.*), as amended.

29 (2) “First Source Agreement” means an agreement with the District governing  
30 certain obligations of the Developer pursuant to section 4 of the First Source  
31 Employment Agreement Act of 1984, effective June 29, 1984 (D.C. Law 5-93; D.C.  
32 Official Code § 2-219.03), as amended, and Mayor’s Order 83-265, dated November 9,

33 1983, regarding job creation and employment generated as a result of the construction on  
34 the Property.

35 (3) "Property" means the real property and improvements located at 1900  
36 Gallaudet Street, N.E., and known for and assessment purposes as Lot 0022 in Parcel  
37 0142, less and excepting the historic Crummell School Building.

38 Sec. 3. Findings.

39 (a) The District of Columbia is the owner of the real property, located at 1900  
40 Gallaudet Street, N.E., and known for and assessment purposes as Lot 0022 in Parcel  
41 0142 less and excepting the historic Crummell School Building (the "Property"). The  
42 Property consists of a trapezoidal-shaped lot less the Crummell School Building.

43 (b) The Property does not have any necessary use by the District, and is no  
44 longer required for public purposes. The most pragmatic solution for activating this site is  
45 to declare the Property surplus and dispose of the Property for development.

46 (c) The District has satisfied the public hearing requirements of D.C. Code  
47 §10-801(b-5)(1), as amended, by holding a public hearing on July 17, 2017, at the  
48 Trinity Baptist Church, 1814 Central Pl N.E., regarding the finding that the Property is no  
49 longer required for public purposes.

50 (d) The developer of the Property shall be Ivy City Partners LLC, a Delaware  
51 limited liability company, with a business address of 7200 Wisconsin Avenue, Suite 700,  
52 Bethesda, Maryland 20814, which is comprised of StonebridgeCarras Management,  
53 L.L.C., with a business address of 7200 Wisconsin Ave Suite 700, Bethesda, MD 20814,  
54 and its successors, assignees, sublessees, or affiliates, Oceanpro Industries, L.T.D., with a  
55 business address of 1900 Fenwick St N.E., Washington, DC 20002 and its successors,

56 assignees, sublessees, or affiliates, and The Jarvis Company L.L.C., with a business  
57 address of 2600 Virginia Ave N.W., Suite # 202, Washington, DC 20037 20814, and its  
58 successors, assignees, sublessees, or affiliates, as approved by the Mayor (collectively,  
59 the “Developer”).

60 (e) The property consists of a trapezoidal-shaped lot less the Crummell  
61 School Building.

62 (f) The intended use of the Property is a mixed-use development including  
63 affordable housing, market-rate housing, industrial space, neighborhood-serving retail,  
64 and any ancillary uses allowed under applicable law, and as further described in the term  
65 sheet submitted with this resolution (the “Project”).

66 (g) The Mayor finds that the disposition shall include the following terms:

67 (1) The Developer will comply with the requirements of An Act  
68 Authorizing the sale of certain real estate in the District of Columbia no longer required  
69 for public purposes, approved August 5, 1939, as amended by The Land Disposition  
70 Transparency Amendment Act of 2017, effective July 31, 2017, (D.C. Act 22-130; 64  
71 DCR 6214) including dedicating residential units in the Project as affordable housing  
72 units, pursuant to D.C. Official Code § 10-801(b-3).

73 (2) The Developer shall enter into an agreement that shall require the  
74 Developer to, at a minimum, contract with Certified Business Enterprises for at least 35%  
75 of the contract dollar volume of the Project, and shall require at least 20% equity and  
76 20% development participation of Certified Business Enterprises in the Project, in  
77 accordance with D.C. Official Code §§ 2-218.49a and 10-801(b)(6).

78                   (3)     The Developer shall enter into a First Source Agreement with the  
79 District that shall govern certain obligations of the Developer regarding job creation and  
80 employment as a result of the construction on the Property, pursuant to D.C. Official  
81 Code § 2-219.03 and Mayor’s Order 83-265, dated November 9, 1983.

82                   (h)     Pursuant to D.C. Official Code § 10-801(b)(8)(C), the proposed method of  
83 disposition is a lease of greater than 15 years, as further described in the documents  
84 submitted with this resolution.

85                   (i)     The District has satisfied the public hearing requirements of D.C. Official  
86 Code § 10-801(b-5)(1).

87                   (j)     The Land Disposition and Development Agreement for the disposition of  
88 the real property shall not be inconsistent with the substantive business terms of the  
89 transaction submitted by the Mayor with this resolution in accordance with subsection  
90 D.C. Official Code § 10-801(b-1)(2), unless revisions to those substantive business terms  
91 are approved by the Council.

92                   Sec. 4. Approval of surplus and disposition.

93                   (a)     Notwithstanding any other provision of law, including but not limited to  
94 the Act, the Council determines that the Property is no longer required for public  
95 purposes and approves the disposition of the Property.

96                   (b)     The time within which the Mayor may dispose of the Property shall expire six  
97 years from the effective date of this act.

98                   Sec. 5. Fiscal impact statement.

99                   The Council adopts the fiscal impact statement in the committee report as the  
100 fiscal impact statement required by section 602(c)(3) of the District of Columbia Home

101 Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02

102 (c)(3)).

103 Sec. 6. Effective date.

104 This Act shall take effect following approval of the Mayor (or, in the event of a  
105 veto by the Mayor, action by the Council of the District of Columbia to override the  
106 veto), a 30-day period of Congressional review as provided in § 602(c)(1) of the District  
107 of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813, D.C. Official  
108 Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.

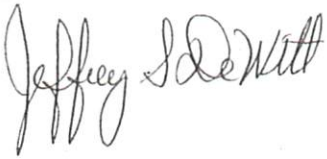
Government of the District of Columbia  
Office of the Chief Financial Officer



Jeffrey S. DeWitt  
Chief Financial Officer

**MEMORANDUM**

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

**FROM:** Jeffrey S. DeWitt  
Chief Financial Officer 

**DATE:** November 2, 2017

**SUBJECT:** Fiscal Impact Statement – Crummell School Site Surplus and  
Disposition Approval Act of 2017

**REFERENCE:** Draft Bill as shared with the Office of Revenue Analysis on November 2,  
2017

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**Conclusion**

Funds are sufficient in the fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the bill.

The developer will lease the property under a 99-year ground lease paying a nominal annual rent of one dollar. The disposition will reduce District assets by approximately \$5 million,<sup>1</sup> but the roughly \$15.75 million investment in the historic Crummell School will increase the value of that asset, which the District will maintain. Assets are not included in the budget and financial plan and their loss is not a fiscal impact.

**Background**

The bill declares as surplus property and approves the disposition of approximately 101,000 square feet<sup>2</sup> of District-owned land surrounding the Crummell School located at 1900 Gallaudet Street, N.E.<sup>3</sup> The land around the school is vacant and is no longer needed for public purposes. The District will dispose of the property to Ivy City Partners LLC<sup>4</sup> whose project includes approximately 375 residential units, publically accessible open space, 10,000 square feet of ground floor retail, and

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<sup>1</sup> The 2018 proposed tax assessment of Parcel 142, Lot 22 is \$5,401,450. The disposition covers approximately 93 percent of the Parcel estimated at a value of \$5,032,150.

<sup>2</sup> The remaining approximately 7,000 square feet of the Parcel consists of the Crummell School building.

<sup>3</sup> Known for tax assessment purposes as Parcel 142, Lot 22.

<sup>4</sup> Ivy City Partners LLC is comprised of S/C Ivy City Partners LLC, Oceanpro Properties, L.L.C. and The Jarvis Company LLC.



The Honorable Phil Mendelson

FIS: "Crummell School Site Surplus and Disposition Approval Act of 2017," Draft Bill as shared with the Office of Revenue Analysis on November 2, 2017

40,000 square feet of below grade industrial spaces. Since the developer is benefiting from the disposition of District properties, it must comply with the District's affordable housing requirements.<sup>5</sup> Under those requirements, 30 percent of the units will be affordable. The Crummell School is not included in the disposition, but the Land Disposition and Development Agreement requires the developer to spend approximately \$15.75 million<sup>6</sup> to renovate the school building as a condition of the disposition. The developer will lease the surrounding land under a 99-year ground lease paying annual rent of one dollar. The bill requires the Mayor to complete the disposition of the property within six years of this bill's passage.

### **Financial Plan Impact**

Funds are sufficient in the fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the bill. The developer will lease the land from the District under a 99-year ground lease paying a nominal rent of one dollar annually. The developer will also renovate the Crummell School for approximately \$15.75 million. The closing of the surrounding land is not expected until the first half of fiscal year 2024, but the school's renovation could occur prior to that depending on the timing of the agreement on a scope of work. There are no costs associated with the surplus property declaration.

The disposition will reduce District assets by approximately \$5 million, but the roughly \$15.75 million investment in the Crummell School will increase the value of that asset, which the District will maintain. Assets are not included in the budget and financial plan and their loss is not a fiscal impact.

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<sup>5</sup> Disposition of District Land for Affordable Housing Amendment Act of 2014, effective March 10, 2015 (D.C. Law 20-193; D.C. Official Code § 10-801).

<sup>6</sup> The District and the developer must agree upon a scope of work and the developer will renovate the school building to meet the costs associated with that scope of work.

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE ATTORNEY GENERAL



ATTORNEY GENERAL  
KARL A. RACINE

Legal Counsel Division

MEMORANDUM

TO: Alana Intrieri  
Director  
Office of Legislative Support

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

DATE: November 1, 2017

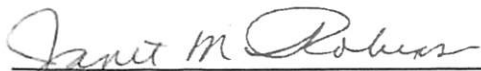
SUBJECT: Crummell School Site Surplus and Disposition Approval Act of 2017  
(AE-17-627)

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**This is to Certify that** this Office has reviewed the legislation entitled the “Crummell School Site Surplus and Disposition Approval Act of 2017” and found it to be legally unobjectionable. The Commercial Division reviewed and approved the following transactional documents for legal sufficiency:

1. Council Term Sheet - Disposition of the Crummell School Property, signed and dated October 17, 2017;
2. Unsigned Land Disposition and Development Agreement between the District and Developer (LDDA); and
3. Exhibits A, B, C, F, J, K, N and O to the LDDA.

If you have any questions, please do not hesitate to call me at 724-5524.

  
\_\_\_\_\_  
Janet M. Robins



GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Executive Office of the Mayor  
Office of the Deputy Mayor for Planning and Economic Development



VIA ELECTRONIC MAIL

TO: Peta-Gay S. Lewis (Commissioner 5D01)  
Keisha L. Shropshire (Commissioner 5D02)  
James Butler (Commissioner 5D03)  
Bernice S Blacknell (Commissioner 5D04)  
Kathy Henderson (Commissioner 5D05)  
H. Yvonne Buggs (Commissioner 5D06)  
Clarence Lee (Commissioner 6B07)

CC: Honorable Kenyan McDuffie, DC Council Member, Ward 5

From: Dion Townley, Project Manager

Date: June 8, 2017

The District will conduct a public meeting to receive comments on the proposed designation of the Crummell School Site as surplus property. The surplus meeting is held in order to receive feedback from the community on the finding that the property is not required for public purposes. Comments collected at the public meeting will be submitted to the D.C. Council for its review. Additionally, as part of the redevelopment process, the property must be declared surplus by the D.C. Council. Declaring a property surplus means that it is not required for a public purpose. The surplus meeting is conducted pursuant to D.C. Official Code §10-801.

The Crummell School Site was a pilot project in the Mayor's OurRFP process, which is an initiative to understand and incorporate community input early in the process of redeveloping publicly-owned land. This surplus hearing will give the community an opportunity to provide comment on the proposed surplus designation. Written public comments will be accepted until Friday, July 21, 2017.

Below, please find the date, time and location of the meetings:

Date: Monday, July 17, 2017  
Time: 6:30pm – 8:30pm  
Location: Trinity Baptist Church  
1814 Central PI NE  
Washington, DC 20002

Please feel free to contact me at (202) 531-2272 or [dion.townley@dc.gov](mailto:dion.townley@dc.gov) should you have any questions or comments.

Brian T. Kenner  
Deputy Mayor





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**Notice ID: 6594853**

## Planning and Economic Development, Office of the Deputy Mayor for - Notice of Public Surplus Meeting - The Crummell School Site - July 17, 2017

**Register Category:** Notices, Opinions, and Orders

**Agency Name:** Planning and Economic Development, Office of the Deputy Mayor for

**Notice Files:**



**Register Issue:** 6/16/2017 Vol 64/24

**Publish Date:** 6/16/2017

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**OFFICE OF THE DEPUTY MAYOR FOR  
PLANNING AND ECONOMIC DEVELOPMENT**

**NOTICE OF PUBLIC SURPLUS MEETING  
PURSUANT TO D.C. OFFICIAL CODE §10-801  
FOR THE CRUMMELL SCHOOL SITE**

The District will conduct a public meeting to receive public comments on the proposed surplus of District property. The date, time and location shall be as follows:

The date, time and location shall be as follows:

**Property:** "THE CRUMMELL SCHOOL SITE"  
1900 Gallaudet Street, N.E., Washington, DC  
Lot 0022 in Par Suffix 0142

**Date:** Monday, July, 17<sup>th</sup> 2017

**Time:** 6:30pm – 8:30pm Surplus Meeting

**Location:** Trinity Baptist Church  
1814 Central PI NE  
Washington, DC 20002

**Contact:** Dion Townley, Project Manager  
dion.townley@dc.gov  
(202) 531-2272

**SURPLUS ANALYSIS**  
**IN SUPPORT OF SURPLUS OF REAL PROPERTY**

**Project Name:** Crummell School Site  
**Property Description:** 1900 Gallaudet Street, N.E.  
Parcel 0142, Lot 0022 (the “Property”)  
**Size of Property:** 108,029 square foot lot  
**Zoning of Property:** PDR-1  
**Ward:** Ward 5

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- 1. History of the Property: description of the Property (including approximate square footage, description of any structure/improvements on the Property and whether such structure/improvements are historically landmarked, and any available parking on and off the Property), how and when the District acquired the Property; the terms of the acquisition; a description of the Property’s former and current use; and, if the Property includes improvements and is currently being used, whether the improvements are occupied.**

The Crummell School Site is located at 1900 Gallaudet Street, N.E., Washington, DC, in Ward 5 and identified for taxation and assessment purposes as Lot 0022 in Parcel 0142 (“Site”). The Site consists of a trapezoidal-shaped lot of 108,029 square feet in total land area, atop which sits the approximately 20,000 square foot historic Crummell School building. The property to be declared as surplus is the Site less and excepting the historic Crummell School building (“Property”).

The District acquired the Site in 1910 from a private landowner for the purposes of constructing a school. The historic Crummell School building was designed by noted Municipal Architect Snowden Ashford in 1910 and constructed in 1911-1912 to replace the former, wooden Ivy City School that was constructed in 1896. The second story on the rear of the historic Crummell School building was added in 1932.

The historic Crummell School building is significant for its architecture and its contribution to African American History in the District of Columbia – including its association with the life and work of Alexander Crummell (1819-1898), the clergyman, abolitionist, teacher, and missionary for whom the school is named. The Site was used for educational purpose until 1974. The Site is currently vacant and has been since the early 1980’s.

- 2. Describe the surrounding neighborhood, including the following information: What does the neighborhood offer in terms of housing, shopping, recreation, and commercial space?**

The Site sits at the corner of Gallaudet Street and Kendall Street, NE., within the Ivy City Neighborhood. The Site is located in the heart of the New York Avenue Great Streets Corridor and in close proximity to Union Market, Union Station, and the H Street Great Streets Corridor with a host of sit-down restaurants, breweries, and distillers, as well as industrial space.

The Site is near the future Department of Public Works' state-of-the-art West Virginia Avenue Public Works Campus, currently in conceptual stages. This DPW development will include office space, commercial space, and public space on the existing 19-acre West Virginia site to the southeast. The Site is also in proximity to the former Hecht Warehouse that was developed as a mixed-use retail and residential complex, and features over 300 modern residential units and 150,000+ square feet of retail, 463,648 rentable square feet and A 900+ parking garage.

The District Government's capital investment in the Ivy City neighborhood through the Ivy City Special Demonstration Project has delivered 58 units of housing, including single family and condominiums and has doubled the current homeownership rate in the Ivy City neighborhood.

The Comprehensive Plan's Generalized Policy Map places this Site within a Neighborhood Conservation Area. The guiding philosophy in the Neighborhood Conservation Area is to conserve and enhance established neighborhoods. The diversity of land uses and building types in these areas should be maintained and new development and alterations should be compatible with the existing scale and architectural character of each area.

The Site is within the Northeast Gateway policy focus area of the Comprehensive Plan's Upper Northeast Area Element. The Upper Northeast Area Element provides the following guidance on reuse of the Crummell School site:

*Action UNE-2.1.C: Crummell School Reuse — "A high priority should be given to the rehabilitation of the historic Crummell School with a mix of uses for community benefit, such as workforce/affordable housing, job training or meeting space. Crummell School was built in 1911 and educated African-American children from that time until 1972. The structure, which is a designated historic landmark, has been vacant for more than 30 years. 2411.11"*

The Upper Northeast Area Element contains additional guidance with respect to the Site. Policy UNE-1.2.2: Protecting Local Historic Resources (2409.2) lists the Crummell School among historic resources in Upper Northeast to protect. Furthermore, Action UNE-2.1.B: Northeast Gateway Open Space (2411.10) calls for developing "additional and interconnected public open spaces in the Ivy City and Trinidad areas, including a public green on West Virginia Avenue, open space on the current site of the DCPS school

bus parking lot, and improved open space at the Trinidad Recreation Center and the Crummell School grounds”.

**3. No Necessary District Use. D.C. Code § 10-801(a-1)(2)(A).**

***a. Please describe allowable future uses for the subject property.***

The Site is zoned PDR-1 and has a lot size of 108,029 square feet. This zoning district is defined by manufacturing, warehousing and distribution centers. By right uses include civic, light manufacturing, commercial, distribution, retail, office and institutional uses. The PDR-1 zoning district allows for a maximum floor area ratio (“FAR”) of 3.5, and a maximum height of 50 feet. Further, the purposes of the PDR-1 zone is intended to permit moderate-density commercial and PDR activities employing a large workforce and requiring some heavy machinery under controls that minimize any adverse impacts on adjacent, more restrictive zones.

***b. How were other District facility needs considered? Please explain if the Property has any viable District use or why the Property has no viable use by the District, including a description of the District’s current needs for real property, a description of public uses considered, and a narrative explaining why the real property is unsuitable for each public use.***

The Office of the City Administrator (OCA), Office of the Deputy Mayor for Planning and Economic Development (DMPED), and the Department of General Services (DGS), reviewed the Site’s potential uses established under the District’s Comprehensive Plan and applicable zoning restrictions to determine how best to implement the District’s Facilities Plan. After considering the factors set out in the District’s needs under the District’s Facilities Plan and potential uses under the Comprehensive Plan, DGS deemed the Property to be unsuitable and not viable to replace space currently leased by the District.

Furthermore, the current condition of the improvements on the Property prohibits any District agency use or other public use absent costly renovations, which are subject to interior and exterior historic restrictions. The District currently has no appropriated funds to make the necessary and costly renovations. The annual maintenance costs of the vacant improvements on the Property are a drain on the District’s already overburdened facilities management and maintenance budget. Additionally, annual maintenance costs do not account for major renovation projects that will be needed over time to keep the building safe, sustainable, and usable. Given the ongoing financial needs of the Property, the most pragmatic solution for reactivating this space is to declare the property surplus and dispose of the Property for redevelopment.



The Department of Real Estate Services (DRES) issued a charter school right of first offer (RFO) on August 29, 2011. DRES did not award the Site based on this RFO.

Given the above mentioned facts, the Mayor has not identified any potential public uses for the Property. The Mayor believes that the most pragmatic solution for reactivating the Property is to no longer require it to be used for public purposes. As such, the Mayor believes that the best solution is to declare the Property surplus and dispose of the Property for redevelopment.

**4. Why the determination that the real property is no longer required for public purposes is in the best interest of the District. DC Code § 10-801(a-1)(2)(B).**

***a. Please describe most viable and reasonable future use(s) for the Property.***

Consistent with the Upper Northeast Area Element of the Comprehensive Plan, the Property's most viable future uses include a mix of uses for community benefit, such as workforce/affordable housing, job training or meeting space.

Due to the historic designation of the Crummell School building and its deteriorated condition, future uses on the Site such as commercial and residential uses must be able to financially support the renovation of the historic Crummell School building. While hotel and commercial uses are currently permitted uses on the Property, a Comprehensive Plan amendment is required to allow residential uses on the Property. A request for a Comprehensive Plan amendment has been filed by the developer, which will allow the development program to proceed.

The current vacant status of the Property is detrimental to the tax base of the District as it currently does not produce any taxes whatsoever. A license agreement on the Property was executed with the Union Station Redevelopment Corporation (USRC) in 2012; however the Property is not actively being utilized by USRC for its intended purposes. Furthermore, there are no identified funds available to successfully rehabilitate the building so it can be usable.

***b. Please describe what potential uses of the Property would be in the best interest of the District (economic, social, educational, provision of affordable housing potential).***

The Property is currently underutilized and provides no property and sales tax revenue to the District of Columbia. The District can therefore improve the value of the Property to the District by declaring the Property surplus to facilitate disposition and redevelopment of the Property. The District's best interests would be served by a private mixed-use development that provides economic benefits in terms of jobs and taxes, and community benefits in terms of workforce/affordable housing, job training or meeting space to

activate an underutilized site – all of which would be coordinated with the renovation of the historic Crummell School building.

**5. Public Outreach and Comment. DC Code § 10-801(a-1)(2)(C).**

***a. What specific outreach was done to solicit community input on the proposed surplus and disposing of the Property, including any outreach conducted in addition to the public hearing required under DC Code § 10-801(a-1)(2)(C)?***

The solicitation of the Site was a product of the OurRFP process, a Mayoral Initiative that incorporates community engagement early in the Request for Proposals (RFP) process. Early engagement with the community ensures that the public's perspective and priorities are understood. The process provided transparency throughout the RFP process as well as accountability for delivering public benefits that are committed through the OurRFP Process.

The first public meeting to solicit community input was a public workshop held on July 29, 2015 at which Mayor Bowser, DMPED, and the Office of Planning staff presented information regarding this new initiative and provided a thorough analysis of the Site, the neighborhood and a market context. DMPED also actively solicited feedback on how to shape the future development of this Site from residents and community members in the form of a facilitated break-out group sessions.

The second meeting was a follow-up meeting held on September 19, 2015 to reconnect with the community on the feedback received through the public workshop and an online engagement form, in order to further refine major community preferences and explain how community input will be incorporated in the RFP.

A public meeting to solicit community input for the proposed declaration of the Property as surplus was held on Monday, July 17, 2017 at Trinity Baptist Church (1814 Central Pl NE.). The affected ANC, ANC 5D, was provided advanced written notice on June 8, 2017 and notice of the public meeting was published in the District of Columbia Register on June 16, 2017.

DMPED has also participated in numerous community meetings to provide updates on the project and to seek input from the community. The potential surplus and disposition of the Property has been discussed with the public over a two-year period through the OurRFP process. Throughout this process, DMPED received the following priorities for the Site from the community:

- The historic Crummell School building should be repurposed for recreational and community uses or elements;
- Activation of public space on the Site should include outdoor active uses;

- The project should include mixed use development and neighborhood serving retail use;
- Job training or workforce development components should be available for District residents;
- The project should include designs that include a cultural or historical reference to Alexander Crummell and the Ivy City Neighborhood; and
- The project should include retail space for local and emerging businesses and incubator space.

Ivy City Partners, LLC presented before ANC 5D on October 11, 2016 to seek ANC 2F's support for the proposed development. Engagement with ANC 5D will continue as the proposed surplus and disposition is considered by the D.C. Council, and if approved, through the development process.

***b. Summary of Public Hearing on Surplus***

1. Hearing Date and Location:  
Monday, July 17, 2017, 6:30pm  
Trinity Baptist Church  
1814 Central PI NE  
Washington, DC 20002

**2. Approximate Number of Attendees:**

30 community members were in attendance. There was an ANC Commissioner present from ANC-5D. There were 3 employees from DMPED in attendance.

**3. Summary of Public Comments:**

Written public comments are attached. The meeting began with a discussion of the surplus process and the history of the Site. Attendees were informed of the requirement to conduct a public meeting prior to a declaration of a property as surplus and were encouraged to provide feedback regarding the proposed declaration of the property as surplus. DMPED opened up the meeting to comments.

**Public Comments on Surplus Submitted at Public Hearing**

***\*\*\* Attachment with written submissions is included with this surplus analysis. \*\*\****

**Public Comments on Surplus Submitted via Email**

***\*\*\* Attachment with written submissions is included with this surplus analysis. \*\*\****

## **Townley, Dion (EOM)**

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**From:** Amanda Young <amandayoung224@gmail.com>  
**Sent:** Monday, July 31, 2017 11:22 AM  
**To:** Townley, Dion (EOM)  
**Subject:** Crummell school redevelopment

Good morning,

I do not support the surplus designation of the Alexander Crummell school.

I'd love to see the current community of Ivy City be the primary beneficiary of this historic site. In a time and area of such enthusiastic development, public land should ideally be used for more community-centric means. I hope you'll give this request and the work of Empower DC thoughtful consideration.

Thank you for your time,  
Amanda Young  
(443) 204-4600

## **Townley, Dion (EOM)**

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**From:** Remetter Freeman <free2attend@yahoo.com>  
**Sent:** Friday, July 21, 2017 6:31 PM  
**To:** Townley, Dion (EOM)  
**Subject:** Crummell School

Dear Mr. Townley,

Crummell School's is not "surplus" and should not be used for high-cost housing. I am an alumni of the graduating class of 1941 and have diligently worked with Empower D.C on this project for over 15 years to have it declared as a National Historic Landmark. Most of our history is being violated by the gentrification of Washington D.C. My future generations will not know of the significance behind the contribution Blacks have made to the city. Please consider the current residents and their children who are in need of an environment of public facilities that allow them to fully incorporate themselves within the community. Thank you for your re-evaluation of this situation which can only be the beginning of a process for the betterment of the community.

-Remetter C. Freeman

**Townley, Dion (EOM)**

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**From:** George Jackson <geojackson2005@aol.com>  
**Sent:** Friday, July 21, 2017 5:19 PM  
**To:** rgulstone@dccouncil.us  
**Subject:** Historic Alexander Crummell School

Dear Mr. Dion Townley,

On Monday July 17, 2017 at Trinity Baptist Church in Ivy City you held a Public Meeting in regards to the Historic Alexander Crummell School being surplus property. There were about 30 resident there almost everyone there were against surplusing the school for big development at this site.

As I spoke during the meeting I stated that I was the ANC Commissioner for Ivy City (1998-2002) during most of the early affordable housing, public safety, job and workforce initiatives. I held many community meeting also, ANC Meeting in regards to Crummell School and Ivy City.

The community have a real interest in having the Historic Alexander Crummell School for public purposes like green space. outdoor recreation including a playground and basketball court, and programming for youth and adults.

So, I am against the surplus designation of the Historic Alexander Crummell School.

Best Regards,

George Jackson

Ivy City-Trinidad Community Development Corporation  
President

## Townley, Dion (EOM)

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**From:** thesanctuariesdc@gmail.com on behalf of Erik Martinez Resly <erik@thesanctuaries.org>  
**Sent:** Friday, July 21, 2017 5:17 PM  
**To:** Townley, Dion (EOM)  
**Subject:** RE: Crummell School Statement to be included in the record

Dear Dion Townley,

I am writing as a minister, non-profit director, and DC resident who organizes a multicultural community of more than 150+ local artists out of our studio in Ivy City, to share my firm conviction that the Crummell School site is needed for public purposes, including recreation and green space. Through my ongoing conversations with Ivy City residents over the years, and most recently reinforced while working on a creative placemaking project sponsored by the Department of Planning, it is abundantly clear that this remains one of the top priorities for long-time residents of the neighborhood. I should also add that my conversations with more recent residents at the Hecht Warehouse affirmed this desire for public recreation and green space as well. I sincerely hope the city will heed the voices of its residents, old and new, and not designate the site as surplus.

I appreciate your consideration.

Blessings,  
Rev. Erik Martínez Resly

*Lead Organizer* | [THE SANCTUARIES](#) | soulful arts for social change

To remain a healthy leader, I limit email throughout the week and observe a tech sabbath most Saturdays. If it's important, I'll do my best to respond. If it's urgent, please call: +1 240 233 6441

## Townley, Dion (EOM)

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**From:** Leslie Fields <leslie.fields@sierraclub.org>  
**Sent:** Friday, July 21, 2017 4:28 PM  
**To:** Townley, Dion (EOM)  
**Subject:** Against designating the historic Alexander Crummell School "surplus property"

Hello. As a concerned long time resident in northeast DC, I am against the surplus designation of the historic Alexander Crummell School. The School and its site are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults. This historic building is a community asset and should be treated as such with the full participation and approval of that community. Thank you for your attention in this matter, Leslie Fields

--

Leslie G. Fields  
Director, Environmental Justice & Community Partnerships Program  
Sierra Club  
50 F Street NW, Eighth Floor  
Washington, DC 20001  
202-548-4586  
[Leslie.Fields@sierraclub.org](mailto:Leslie.Fields@sierraclub.org)  
[www.sierraclub.org/ejcp](http://www.sierraclub.org/ejcp)



## **Townley, Dion (EOM)**

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**From:** Graylan Scott Hagler <gshagler@verizon.net>  
**Sent:** Friday, July 21, 2017 4:08 PM  
**To:** Townley, Dion (EOM)  
**Cc:** 'Graylan Hagler'  
**Subject:** Alexander Crummell School IS NOT Surplus Property

Dear Deputy Mayor Townley:

I am against the surplus designation of the historic Father Alexander Crummell School. The School and its site need used for public purposes that outdoor recreation, green space, a playground and basketball setting with programs for children, youth and adults. This would certainly be more congruent with the history and the memory of Father Alexander Crummell.

So much Black history continues to be erased from Washington, DC's memory banks. The historic treatment of the Alexander Crummell school and its site epitomizes the racist disregard for history. The Crummell school currently is a deteriorated building but bears a name that should be embedded in the history of Washington, DC and utilized in a way that befits the spirit, history and memory of Father Alexander Crummell. This school was the educational home for so many of our prominent citizens in Washington, DC's Black community, and the name of the school pointed to the historical hopes and aspirations that were meant to keep movement and intellectual achievement alive and grounded.

Father Crummell, for example was a prominent figure in US religious, cultural and political life. He was ordained an Episcopal priest and travelled to England in the 1840s to speak against the malaise of U S slavery. He studied at Cambridge University and his studies were supported by US abolitionists as he challenged slavery in academic circles and among burgeoning abolitionist groups. Father Crummell became one of those philosophical and theological intellectuals who explored and articulated pan-Africanism.

This historical person moved to Liberia and worked on the education of the native populations there. He was one of the early articulators of the "Back to Africa" movement. He labored in Liberia for 20 years, and then returned to the US to serve as pastor to St. Mary's Episcopal Mission in Foggy Bottom in 1872, a Black neighborhood with no historical markers attesting to this history. In 1875 he founded St. Luke's Episcopal Church as the first independent black Episcopal church in the city. Monies were raised to construct a new church on 15th Street, N.W., in Columbia Heights. Father Crummell served as rector at St. Luke's until his retirement in 1894. Father Alexander Crummell also taught at Howard University from 1895 to 1897.

When the New York State Convention of Negroes gathered in Albany, NY in 1840 the convention chose a young, faith-based voice, and intellectual to keynote and that was Alexander Crummell. Father Crummell was an important voice within the abolition movement and a leader of the Pan-African ideology. He exerted great influence over other black nationalists and Pan-Africanists, such as Marcus Garvey, Paul Laurence Dunbar, and W. E. B. Du Bois. Du Bois paid tribute by citing Father Crummell in his 1903 book, The Souls of Black Folk.

So when you attempt to call properties like the site of the Crummell school surplus it means that it can be discarded like so much Black history and presence in Washington, DC, The Father Alexander

Crummell site is not surplus but significant and symbolizes so much of the history that certain forces, people and politicians would like to eradicate. The Crummell site was allowed to deteriorate; former Mayor Gray wanted to turn it into a bus parking lot; and now forces want it designated as surplus so that its function and outcome can be changed. The Father Crummell site needs to be a community center that speaks of his history and name and serves as a permanent reminder of the history and life of Father Alexander Crummell and his faithfulness to Washington, DC.

Sincerely,  
Rev. Graylan Scott Hagler,  
Senior Minister, Plymouth Congregational United Church of Christ  
Washington, DC

**Townley, Dion (EOM)**

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**From:** Andrea Rosen <aerie@rcn.com>  
**Sent:** Friday, July 21, 2017 3:42 PM  
**To:** Townley, Dion (EOM)  
**Subject:** Statement in Opposition to Declaring Crummell School "Surplus"  
**Attachments:** CrummellSchoolSurplussing.docx

Good Afternoon,

Please find attached my statement in opposition to the Mayor's plan to declare The Alexander Crummell School "surplus" / of no public use.

Thank you.

Sincerely,

Andrea Rosen  
Ward 4

## Townley, Dion (EOM)

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**From:** Adam Kent <AKent@lisc.org>  
**Sent:** Friday, July 21, 2017 1:55 PM  
**To:** Townley, Dion (EOM)  
**Subject:** LISC Letter regarding Crummell School Site  
**Attachments:** CrummellSurplus\_LISCLetterandReport.pdf

Hi Mr. Townley-

Please see LISC's letter and referenced material attached regarding the surplus of the Crummell School for public comment. Please let me know if you have any questions.

Thanks,  
Adam

Adam Kent | Senior Program Officer  
**Local Initiatives Support Corporation**  
1825 K Street NW, Suite 1100 | Washington, DC 20006  
(202) 739-9283 | [akent@lisc.org](mailto:akent@lisc.org)  
[Facebook](#) | [Twitter](#) | [Website](#)

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## Townley, Dion (EOM)

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**From:** jamila.mccoy@gmail.com on behalf of Jamila McCoy <jm3184@columbia.edu>  
**Sent:** Friday, July 21, 2017 1:42 PM  
**To:** Townley, Dion (EOM)  
**Subject:** Comment for Crummel School Surplus Proceeding  
**Attachments:** J. McCoy Comment to DC Council re Crummell School.docx

Hi Dion,

Please include my attached comments in the records for the Crummell School surplus hearing.

When will the meeting be held and (not that I'm ashamed of it or anything) is this published anywhere?

Thanks!  
Jamila

--

Jamila McCoy  
(202) 538-9042  
[jm3184@columbia.edu](mailto:jm3184@columbia.edu)

## **Townley, Dion (EOM)**

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**From:** Jocie Sobieraj <jrsobieraj@gmail.com>  
**Sent:** Friday, July 21, 2017 11:32 AM  
**To:** Townley, Dion (EOM)  
**Subject:** crummell school

Dear Mr. Townley,

As a concerned DC resident, i want to voice my opposition to making the Aexander Crummell School "surplus property." We must stop the privatization of land in DC, which is displacing low income native DCers. The school and its site are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults. Please take this into consideration.

Best wishes,  
Jocie, at 1436 Meridian PI, NW

## **Townley, Dion (EOM)**

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**From:** Sarah Livingston <ess.livingston@gmail.com>  
**Sent:** Friday, July 21, 2017 10:55 AM  
**To:** Townley, Dion (EOM)  
**Subject:** Crummell School

Dear Mr. Townley,

I would like to add my voice to that of the thousands of others who have worked long and hard for so many years to ensure that the Alexander Crummell School in Ivy City is kept in the hands of the public.

My disappointment that the DMPED did not choose the innovative proposal to create a Community Land Trust in response to the RFP, and thereby expand the ways that public property can be developed, would only be made more so if this long held public property, which is so much a part of DC's history, were to be deemed "surplus."

The city government has made a promise not to "surplus" the Crummell School and I am expecting that promise to be kept regardless of the development deal chosen.

Thank you for your attention to this matter.

Sincerely,  
Sarah Livingston

--  
Sarah Livingston  
1616 Marion St. NW #334  
Washington, DC 20001  
202-207-8441

## Townley, Dion (EOM)

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**From:** Margaret Ringler <ringler.margaret@gmail.com>  
**Sent:** Friday, July 21, 2017 10:40 AM  
**To:** Townley, Dion (EOM)  
**Subject:** Crummell School - We need sports fields and rec centers not 'surplus' buildings

Hello Dion,

I am against the surplus designation of the historic Alexander Crummell School. The School and its site are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults.

We need rec centers. I am particularly upset about the effects of gentrification eroding community fields and sports centers- DCIST wrote about big conflicts brewing in Columbia Heights night now [http://dcist.com/2017/07/on\\_a\\_columbia\\_heights\\_soccer\\_field.php](http://dcist.com/2017/07/on_a_columbia_heights_soccer_field.php) This is not a time for 'surplus' buildings in DC. We have no surplus. Our long term neighbors - who build strong community in this city - are getting squeezed and pushed out. We need community rec centers and sports fields.

Sincerely,  
Margaret Ringler  
Quincy St NW DC



## Townley, Dion (EOM)

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**From:** Jamie Buss <jamie@jamiebuss.com>  
**Sent:** Friday, July 21, 2017 6:43 AM  
**To:** Townley, Dion (EOM)  
**Subject:** In support of an Ivy City Rec Center, not "surplus"

Hello Mr. Townley,

I urge you to oppose the proposal to designate the historic Alexander Crummell School as "surplus" status. The School and its site are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults.

Thank you for your consideration,

Jamie Buss

Jamie Buss

[jamie@jamiebuss.com](mailto:jamie@jamiebuss.com)

1925 Bunker Hill Rd NE

Washington, DC 20018

## **Townley, Dion (EOM)**

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**From:** Laelia Gilborn <mail4laelia@gmail.com>  
**Sent:** Thursday, July 20, 2017 10:15 PM  
**To:** Townley, Dion (EOM)  
**Subject:** Crummell School

I am opposed to the surplus designation of the Crummell School. There is enough expensive housing in this city. Crummell School is historically significant. It should be reserved for community use. I hope you will oppose it too.

Thank you.

Laelia Gilborn  
1117 Independence Ave SE

## **Townley, Dion (EOM)**

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**From:** Margaret Dwyer <madwyer297@gmail.com>  
**Sent:** Thursday, July 20, 2017 6:29 PM  
**To:** Townley, Dion (EOM)  
**Subject:** Ivy City Needs a Rec

Dear Mr. Townley,

As a homeowner and taxpayer in Washington, D.C., I am invested in the vitality, diversity, and well being of the entire city and of all my neighbors. I read with dismay the news that the historic Alexander Crummell School could possibly be designated as surplus property. Surplus to whom? This school has a long, important history, and it belongs to the traditional members of the neighboring community. Ivy City -- and all of us -- need the school and its site for public purposes. It should be devoted to green space, outdoor recreation (including a playground and basketball courts), and programming for youth and adults.

I strongly oppose the surplus designation of this property. DC needs this public space for the good of the community.

Thank you,  
Margaret Dwyer  
5112 45th Street NW  
(Ward 3)

## **Townley, Dion (EOM)**

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**From:** Nora Leccese <nora.leccese@gmail.com>  
**Sent:** Thursday, July 20, 2017 6:14 PM  
**To:** Townley, Dion (EOM)  
**Subject:** Alexander Crummell School

Hi Dion,

I am against the surplus designation of the historic Alexander Crummell School. The School and its site are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults. Please listen to the wishes of the Ivy City long time residents and do not designate this historic property "surplus".

Thank You,  
Nora Leccese  
3925 7th St NW

## Townley, Dion (EOM)

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**From:** Austin Schott <austinschott@gmail.com>  
**Sent:** Thursday, July 20, 2017 5:36 PM  
**To:** Townley, Dion (EOM)  
**Subject:** Crummell School Surplus Property

Mr. Townley,

Thank you so much for organizing community participation in the direction of the public property surrounding Crummell School. I have appreciated the opportunity to voice my views on the property.

I am against the surplus designation of the property surrounding Crummell School. I believe the space should be used for green space and/or a rec center.

I recognize that the property may still be used for these purposes if the property is designated as surplus. However, the likelihood that the property will be used for community-focused purposes will be diminished if the property is surplus. Instead, the government should continue to hold ownership over the property to use it for green space and/or a rec center.

Although this is not strictly a part of the surplus decision, it should be noted that the city has decided to pursue the ProFish proposal on the Crummel School property. This proposal does not include nearly enough green space or public areas.

I drove around the block surrounding Crummell School twice last week as a personal experiment. I encountered three groups of children playing in the street. I slowed down and no one was harmed, but I believe this is evident of the lack of green space in the Ivy City neighborhood. Children are at risk without additional areas for public use. The property surrounding Crummel School should be allocated for such purposes by the government. Therefore, I am against the surplus designation of the property.

Thank you for your consideration.

Sincerely,  
Austin Schott

--

Austin Schott | Public Administration  
Trachtenberg School of Public Policy and Public Administration | The George Washington University  
mobile 7152954074 | [austinschott@gmail.com](mailto:austinschott@gmail.com)

## Townley, Dion (EOM)

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**From:** Jim Schulman <regionalarchitect@gmail.com>  
**Sent:** Thursday, July 20, 2017 5:16 PM  
**To:** Townley, Dion (EOM)  
**Subject:** Crummell School  
**Attachments:** Do Not Surplus Crummell School.docx

Mr. Townley,  
Please see my attached letter regarding the Crummell site. Thanks!

-- Jim Schulman, AIA  
Alliance for Regional Cooperation, Executive Manager  
[RegionalArchitect@gmail.com](mailto:RegionalArchitect@gmail.com)  
cell: [202/544-0069](tel:2025440069)  
631 E St., NE, Washington, DC 20002  
<https://AllianceForRegionalCooperation.wordpress.com>

## **Townley, Dion (EOM)**

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**From:** Hilary (Anon) K. <hilarydc@yahoo.com>  
**Sent:** Thursday, July 20, 2017 3:12 PM  
**To:** Townley, Dion (EOM)  
**Cc:** ATD EOM DMPED  
**Subject:** Alexander Crummell School is NOT "surplus property"

Dear Deputy Mayor Kenner  
and  
DMPED Project Manager Townley,

I write to express my opposition to designating the historic Alexander Crummell School "surplus property."

The city must end the practice of disposing of our beautiful, historic public school buildings -- like the ones I attended, that are high end (read: expensive) condos, or offices.

The historic Alexander Crummell School and its site are needed for public purposes. These public purposes include green space, outdoor recreation (playground and basketball court), and programming for youth and adults.

I urge you to work against the surplus designation of Alexander Crummell School.

Sincerely,  
~~Hilary  
Hilary Kacser  
Washington, DC  
(Ward 2)

## **Townley, Dion (EOM)**

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**From:** Erin Riordan <ear84@georgetown.edu>  
**Sent:** Thursday, July 20, 2017 3:07 PM  
**To:** Townley, Dion (EOM)  
**Subject:** Public comment on historic Crummell School

Hi Dion,

I'm writing to voice that I am against the surplus designation of the historic Alexander Crummell School. Both the school and it's site are needed for public uses including preserving open & green space in Ivy City and indoor and outdoor recreational spaces. The community in Ivy City has voiced a need for indoor and outdoor recreational spaces and those community desires should be honored in this decision.

Thanks,

Erin Riordan  
Ward 1 resident



## **Townley, Dion (EOM)**

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**From:** Ricardo A. Ramírez <rramirez44@gmail.com>  
**Sent:** Thursday, July 20, 2017 1:06 PM  
**To:** Townley, Dion (EOM)  
**Cc:** bnadeau@dccouncil.us; tfazzini@dccouncil.us; tjackson@dccouncil.us  
**Subject:** Comment -- Crummell School

Hi Dion, it was good to meet you during this week's Crummell School meeting.

As I did not get to submit my comment during the on-the-record portion of the meeting, I am submitting it via this email, to the email address that you provided me with. Could you please confirm that this counts as an official comment?

**I am opposed to the surplus designation of the historic Alexander Crummell School.** The School and its site are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults.

Moreover, this is about the identity of the city we want. Instead of bending over backwards to accommodate developers and giving away the community's land, I would like to see Mayor Bowser and her administration aggressively stand up for communities like Ivy City and affirm them as Washingtonians who belong in their city -- right there, in Ivy City, not displaced elsewhere in the region. We should be **investing** in Ivy City -- it's the right thing to do.

My information is as follows:

Ricardo Ramirez  
2505 13th St. NW  
Apt. 210  
Washington, DC 20009

I am Cc'ing my council member and her staff for awareness.

Thank you.

--  
Ricardo A. Ramírez

## Townley, Dion (EOM)

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**From:** S Stevens <t3eprod@yahoo.com>  
**Sent:** Thursday, July 20, 2017 12:30 PM  
**To:** Townley, Dion (EOM)  
**Cc:** Empower DC Parisa Norouzi  
**Subject:** surplus designation

To Whom It May Concern

Hello my name is Ronald Smokey Stevens. I am a veteran performer of stage ,tv, and film. I am also a native Washingtonian

I am writing to you to state that I as a tax paying resident of the District of Columbia I am against the surplus designation

of Crummell school.

I am against it for several reasons, 1. I attended Crummell Elementary School from kindergarten to the 3rd grade. It's where

I learned how to read, write, and do arithmetic. It,s where I developed my early childhood interpersonal skills, it where I began to

find my identity as a person. Secondly it holds a historic place in DC,s history because it is named after one of America,s early

civil rights advocates Mr. Alexander Crummell. That building remaining will be a testament to his contributions for rights and equality

that we all should never forget.

Lastly in my opinion I think it could be used for much better purposes including recreation and or a green space. Not to mention

children of the community desparately need and playground that is clean and safe for them to play on.

I sincerely hope you take my opinion and thoughts into consideration and not make Crummell a surplus designation.

Sincerely

Ronald Smokey Stevens

## Townley, Dion (EOM)

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**From:** Jenefer Ellingston <jellygreen3@gmail.com>  
**Sent:** Wednesday, July 19, 2017 9:16 PM  
**To:** Townley, Dion (EOM); Parisa Norouzi  
**Subject:** The misuse of Crummell School and the denial of its local citizens

Dear Sir,

To designate Crummell School as 'surplus property' is an insult to the people who live nearby and a denial of their 'public interest' and public right - which you pledged to preserve and support ... especially against privatization by new comers for private profit. Of course, the 'developers' always come first and the neighborhood is denied and then overrun by tractors... to build 'housing' for all the new residents in DC. Forget the residents who have lived here for yrs. or all their lives, and deny their right to have a community center that suits their needs.. and the neighborhood where they live.

I have watched the developers scout the terrain to scoop up 'desirable' DC public property for private use and DC Council always chooses their side.

The 'argument' that Crummell School is 'unused' property denies its' requested its public use ....which is well-plotted and well-known ... but won't be profitable for developers.

Frankly, it's a criminal act to constantly turn a deaf ear to the public will and and worse yet to claim that Crummell School is 'excess property'. Excess for whom?

Who are you fooling...

The loss of public property for DC residents, during yrs. of give-away by DC Council is well-known and resisted. We all know how it 'works': 'privatize the profit and socialize the debt'... There goes Crummell school.

I hope the citizens' voice reaches your conscience and persuades you to recognize the right of residents who live there and went to school there, to enjoy the use of their 'home base' in their old age.

Written by a -

Concerned Citizen who sees resident citizens constantly pushed aside to give room to 'new-comers' who can always buy their way in ...

Ms. Jenefer Ellingston ward 6  
641 Maryland Ave. NE  
Wash. DC 20002

## **Townley, Dion (EOM)**

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**From:** clara.2341010@gmail.com on behalf of Clara Lincoln <clincoln@oberlin.edu>  
**Sent:** Wednesday, July 19, 2017 7:17 PM  
**To:** Townley, Dion (EOM)  
**Subject:** Crummell School

Dear Dion Townley,

My name is Clara Lincoln and I am a resident of Ward 5 in DC.

I am against the surplus designation of the historic Alexander Crummell School. The School and its site are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults.

Please listen to the people of DC and make the right decision.

Sincerely,  
Clara Lincoln

## **Townley, Dion (EOM)**

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**From:** Sabiyha Prince <sabiyha.robin@gmail.com>  
**Sent:** Wednesday, July 19, 2017 5:37 PM  
**To:** Townley, Dion (EOM)  
**Subject:** Crummell School

Good day,

I'm writing in strong opposition to the idea of designating the Alexander Crummell School as surplus property. Not only is this school of key historic importance to Washington, DC residents, the development of the property for the purposes of privatization or profit making would amount to a disappointing and unimaginative decision.

This site should be put to use for the benefit of the community; particularly the youth. More specifically, Crummell School should be turned into a green space and recreational center that adults and children can use for relaxation and renewal. I advocate for this as both a social scientist and anthropologist - I have been studying the well being and needs of urban populations for over 20 years. As a professional observer and cultural analyst I implore you to use the space for the good of the public. Washington, DC doesn't need development that represents more of the same.

Sincerely,

Dr. Sabiyha Prince  
7509 14th Street, NW  
Washington, DC 20012  
202/726-1360

## **Townley, Dion (EOM)**

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**From:** Mason Trappio <mason.trappio@gmail.com>  
**Sent:** Wednesday, July 19, 2017 4:39 PM  
**To:** Townley, Dion (EOM)  
**Subject:** CRUMMEL SCHOOL IS NOT SURPLUS

Good afternoon,

I am writing to inform you that I am against the surplus designation of the historic Alexander Crummel School. The School and its site are needed for public purposes including green space, outdoor recreation including a playground and a basketball court, and programming for youth and adults.

There are plenty of organizations the city government can partner with to build entrepreneurial programs with the citizens of DC, developing long lasting circulating revenue rather than making quick money for corporations who only give a damn about the green space in their wallets.

Given the historical nature of the school and the intentions of educating us black people in this wonderful city, removing it to replace it with some other people business would contribute further to the void of culture that this government unfortunately assists in creating. This city is referred to as vanilla village! Ridiculous! The people dont even know that vanilla is black when it is alive! Shall we reduce what is natural to a frozen lifeless sugary cream? NO!

Sincerely,

Mason Trappio  
251 Hawaii Ave NE  
Washington DC 20011

**Townley, Dion (EOM)**

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**From:** Abigail Stahl <abigailrstahl@gmail.com>  
**Sent:** Wednesday, July 19, 2017 3:37 PM  
**To:** Townley, Dion (EOM)  
**Subject:** Please reject the surplus designation of the Crummell School

Dear Mr. Townley,

I write to you today as a concerned citizen of the District regarding the vote to designate the Alexander Crummell school a "surplus property". This is not what residents of the neighborhood, and of the city more broadly need.

As you have already heard, residents in the area would prefer that the space be used for a recreation center that supports the community.

To be clear,

I am against the surplus designation of the historic Alexander Crummell School. The School and its site are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults.

Thank you for your consideration in this matter and please vote against the surplus designation.

Best,  
Abigail Stahl

## **Townley, Dion (EOM)**

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**From:** Amy Gellatly <amygellatly@gmail.com>  
**Sent:** Wednesday, July 19, 2017 2:24 PM  
**To:** Townley, Dion (EOM)  
**Subject:** Crummell School

Dear Mr. Townley,

I am writing to you as a DC resident and a supporter of affordable housing in DC. I am against the surplus designation of the historic Alexander Crummell School. The School and its site are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults.

Please do all that you can to protect these important programs for people in the neighborhood. My neighborhood (Brookland) has many nice amenities for the public including playgrounds and sports courts, and I want to live in a city where all neighborhoods have access to the same level of public resources.

All the best,  
Amy Gellatly  
900 Perry Pl. NE



## **Townley, Dion (EOM)**

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**From:** Amanda McConnell <amandadmccconnell@gmail.com>  
**Sent:** Wednesday, July 19, 2017 12:13 PM  
**To:** Townley, Dion (EOM)  
**Subject:** Alexander Crummell School

Dear Dion Townley,

I am against the surplus designation of the historic Alexander Crummell School. The School and its site are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults.

Sincerely,

Amanda McConnell  
1166 Abbey Place NE  
Washington, DC 20002

## **Townley, Dion (EOM)**

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**From:** Desi Lou <desilou.60@gmail.com>  
**Sent:** Wednesday, July 19, 2017 11:29 AM  
**To:** Townley, Dion (EOM)  
**Subject:** Preserve Crummell School

Dion Townley:

**I am against the surplus designation of the historic Alexander Crummell School. The School and its site are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults.**

**Please do the right thing for this community by allowing THEM to take part in the decision-making for this Public Property.**

**Thank you,**

**Adrienne Lynch  
3864 9th ST SE, #201  
Washington, DC 20032**

**\*"Rebuild and recreate, one community at a time"\***

## **Townley, Dion (EOM)**

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**From:** Connor Nash <cnash5@students.towson.edu>  
**Sent:** Wednesday, July 19, 2017 11:18 AM  
**To:** Townley, Dion (EOM)  
**Subject:** Crummell School Property

Dear Mr. Townley,

My name is Connor Nash and I am an editorial intern for Planet Forward at George Washington University. I reaching out to you again because I would appreciate a statement from the Deputy Mayor of Planning and Economic Development about the future development of the Crummell School in Ivy City.

The piece that I am working on focuses on the School, which is considered a brownfield, and I am detailing the environmental and economic impacts of the school in the past, present, and future. Your office is the main focus of the future of the school and what the property will become.

Please email me so that there can be a statement through email or set up a time to call.

Thank you

Connor Nash

**Townley, Dion (EOM)**

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**From:** Virginia Johnson <dcvirginia@hotmail.com>  
**Sent:** Wednesday, July 19, 2017 11:06 AM  
**To:** Townley, Dion (EOM)  
**Subject:** Crummell School

Dear Mr Townley,

I am against the surplus designation of the historic Alexander Crummell School. The School and its site are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults.

Sincerely,  
Virginia Johnson  
20009

## **Townley, Dion (EOM)**

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**From:** Meg Maguire <megmaguireconsultant@msn.com>  
**Sent:** Wednesday, July 19, 2017 10:58 AM  
**To:** Townley, Dion (EOM)  
**Subject:** Crummell School site

Mr. Townley,

Because it is a city-owned site, the Crummell School site presents a unique opportunity to create a recreation complex and outdoor playing facilities for the entire community, a concentration of affordable housing and needed retail. The proposal to process fish and to cram the site with buildings is ill-conceived and incompatible with neighborhood development.

I oppose the surplus designation of the historic Alexander Crummell School. The School and its site are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults.

Thank you for your reconsideration of this issue,

Meg Maguire

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Meg Maguire  
631 Maryland Ave., NE  
Washington, DC 20002  
202-546-4536

## **Townley, Dion (EOM)**

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**From:** Jennifer Hosler <jennhosler@hotmail.com>  
**Sent:** Wednesday, July 19, 2017 10:44 AM  
**To:** Townley, Dion (EOM)  
**Subject:** Crummell School is Not Surplus!

Hello,

My name is Jennifer Hosler and I live in the neighborhood next to Ivy City, in Trinidad. The Ivy City neighborhood has been long-neglected by the city. However, my neighbors are resilient and have built community despite the lack of city resources. Ivy City needs public green space and a community center – we need public resources for long-time community members. The city needs to show that it is willing to invest in the needs of long-time residents, not just newcomers like myself (I've been here 5 years) or in the residents of new Ivy City apartment buildings or brewers/distillers. Investing in Crummell School as a public community center, green space, playground, and basketball court would provide resources for long-term residents AND provide an public place for new and long-term residents to mingle and build relationships across race and class divides. We need this community space to help forge connections and build a community of peace.

**In sum, I am against the surplus designation of the historic Alexander Crummell School.** The School and its site are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults.

Please do the right thing and preserve Crummell School for Ivy City residents. My next door neighbor went to Crummell as a child. He and many others (including myself) want to see it fill a needed community role. It is not a surplus building!

Sincerely,

Jennifer Hosler  
1121 Holbrook Ter NE

**Townley, Dion (EOM)**

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**From:** Westminster935 <westminster935@aol.com>  
**Sent:** Wednesday, July 19, 2017 10:18 AM  
**To:** Townley, Dion (EOM)  
**Subject:** I am against the surplus designation of the historic Alexander Crummell School

**This community, where I work every day, is desperately in need of green space and other positive destination places.**

**It is hugely short-sighted to give away, because the value does not yet reflect what is coming it is giving away, property that could benefit this community -- especially at the same time as DPW and other agencies are close to building huge facilities that will consolidate people and equipment.**

**If only we learn some lessons from the loss of what is still needed in more dense neighborhoods further west.**

**Building public budgets on the sale of limited resources is bad management and does not build long-term revenue streams.**

**Once they are gone, they are gone.**

**Susan Ousley**

## **Townley, Dion (EOM)**

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**From:** holly@riseup.net  
**Sent:** Wednesday, July 19, 2017 10:14 AM  
**To:** Townley, Dion (EOM)  
**Subject:** Crummell school designation

To Whom it May Concern,

I have been working at a service organization in the neighborhood near the Alexander Crummell school for over ten years, and I consistently hear from residents about the need for increased community recreation areas, especially for teens and young adults. As developers build fancy condo buildings in the area, many neighbors are left wondering when THEY will benefit from all of the development. I urge you to keep the Crummell school public, and not do designate it surplus. This space is not "surplus"-- it is desperately needed as a resource for the community. I support neighborhood efforts to create green space and community programming in the building.

Thank you,  
Holly Poole-Kavana  
Ward 4 resident  
(202) 726 1924



## Townley, Dion (EOM)

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**From:** Art for People <justlikeatree@hotmail.com>  
**Sent:** Wednesday, July 19, 2017 10:14 AM  
**To:** Townley, Dion (EOM)  
**Cc:** Parisa Norouzi; Luci Murphy  
**Subject:** Crummell School

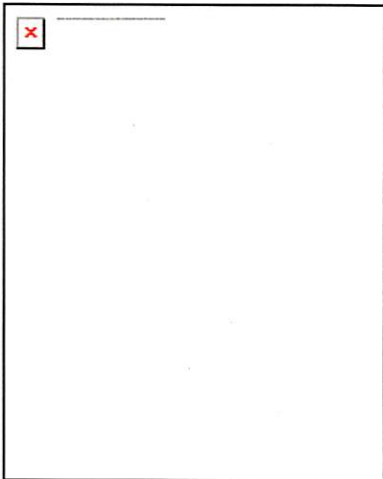
Dion Townley, Project Manager  
Office of the Deputy Mayor for Planning & Economic Development  
Washington, DC

Dear Mr. Townley

I am writing to encourage you to support public property for public purposes.

I oppose the surplus designation of the historic Alexander Crummell School property. This is not surplus property, it is needed by the community.

[https://en.wikipedia.org/wiki/Alexander\\_Crummell](https://en.wikipedia.org/wiki/Alexander_Crummell)



### Alexander Crummell - Wikipedia

en.wikipedia.org

Alexander Crummell (March 3, 1819 - September 10, 1898) was a pioneering African-American minister, academic and African nationalist. Ordained as an Episcopal priest ...

The IVY CITY neighborhood needs the school and the playground to provide green space, outdoor recreation and instructional space for children and adults. The residents need the spirit of Reverend Crummell to uplift and unify their efforts for healthy community life.

Sincerely yours,

Luci Murphy  
(202) 234-8840  
<http://vimeo.com/108653253>

[http://www.blackagendareport.com/luci-murphy\\_cultural\\_warrior](http://www.blackagendareport.com/luci-murphy_cultural_warrior)

'I dare not look down on you because you are walking the path and will become a Buddha.'

<<Nunca te despreciaria porque caminas por el camino y te transformaras en un Budha>>

## Townley, Dion (EOM)

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**From:** Nicole Newman <nicole.a.newmn@gmail.com>  
**Sent:** Wednesday, July 19, 2017 9:55 AM  
**To:** Townley, Dion (EOM)  
**Subject:** Alexander Crummell School

Dear Mr. Townley,

I am against the surplus designation of the historic Alexander Crummell School. The School and its site are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults.

Nicole Newman

--

Nicole Newman  
[nicole.a.newmn@gmail.com](mailto:nicole.a.newmn@gmail.com)  
@Nicnewmn -Twitter

## Townley, Dion (EOM)

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**From:** Lindsey Jones-Renaud <ljonesrenaud@gmail.com>  
**Sent:** Wednesday, July 19, 2017 9:33 AM  
**To:** Townley, Dion (EOM)  
**Subject:** Surplus of Crummell School, Ivy City

Hello,

I attended a meeting this week hosted by the Deputy Mayor for Planning and Economic Development about the possible surplus of the historic Alexander Crummell school site. I am opposed to the surplus designation of this site. I am a DC resident (521 25th PL NE Wash DC 20002, Ward 7) and I oppose the city disposing of any public land for private, profit-driven development.

I am especially opposed to disposing of the Crummell School site because the School and its site are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults.

It is clear that the community there wants a recreation center and they deserve one. I live near Rosedale Recreation Center and I know how valuable it is to our family and our community. The people in Ivy City do not have a recreation center nearby. It is misguided, short-sighted, and unfair to surplus the Crummell School site instead of developing it for the community.

Sincerely,  
Lindsey

Lindsey Jones-Renaud  
[LJonesRenaud@gmail.com](mailto:LJonesRenaud@gmail.com)  
(202) 286-8711

## Townley, Dion (EOM)

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**From:** Sean Furmage <sf1752a@student.american.edu>  
**Sent:** Wednesday, July 19, 2017 9:01 AM  
**To:** Townley, Dion (EOM)  
**Subject:** Crummell School Should Not Be Designated as Surplus

Dear Mr. Townley,

I am against the surplus designation of the historic Alexander Crummell School. The School and its site are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults.

I have volunteered with Empower DC and spent time collecting stories from Ivy City residents about their hopes for Crummell to be a public building with services for the benefit of the community. As a trained cultural anthropologist, I listened to residents describe the cultural importance of Crummell School and the appalling lack of public services provided to their community. Empower DC, in close collaboration with Ivy City residents, have continued to document repeated requests from Ivy City community members for the DC Council to recognize the need for Crummell to be returned to a public building. Many residents look to the future and hope for programs like job training, while others hope for Ivy City's rich history to be recognized. Crummell was one of the first public schools for African American residents in the district and many community elders remember the formative impact of Crummell school on its students and on the community as a whole. Residents would love to see Crummell once again become the thriving heart of their community. Ivy City residents, more than anyone, are the experts when it comes to knowing what their community needs are, and already have a blueprint for their community's future. I hope that the DC Council can follow their lead and help to create a city that respects and recognizes all of its residents.

I am very fortunate to live in Ward 3, in the Palisades, where both my neighborhood library and my recreation center are undergoing extensive rebuilding. While I am grateful for this, neighborhoods like Ivy City are where the City Council should focus its resources in order to provide DC's low-income residents with the public resources they demand so their communities can thrive in our city.

Residents of Ivy City should be treated as valued citizens of the District and restoring Crummell School for public use would be a fantastic first step in recognizing the Ivy City community and their needs and wishes.

Respectfully Yours,

Sean Furmage

5056 MacArthur Blvd NW  
Washington, DC  
20016

PhD Candidate  
Cultural Anthropology  
American University

--

Sean Furmage  
Pronouns: He/Him/His  
Read CDI's [Guide to Pronouns](#)  
Or check out CDI's video: [Let's Learn About Pronouns!](#)

PhD Candidate | Department of Anthropology  
Graduate Assistant | Center for Diversity and Inclusion  
American University  
202-549-5448

<http://potomacriverrunsthroughus.com/>

Contributing Editor | Cultural Anthropology | [culanth.org](http://culanth.org)

"UNLESS someone like you  
cares a whole awful lot,  
nothing is going to get better.  
It's not."

## **Townley, Dion (EOM)**

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**From:** Carolyn Carson <carson.carolyn@gmail.com>  
**Sent:** Wednesday, July 19, 2017 9:06 AM  
**To:** Townley, Dion (EOM)  
**Subject:** Crummell School

**To whom it may concern:**

**I am against the surplus designation of the historic Alexander Crummell School. The School and its site are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults.**

**The city must end its practice of designating public land as surplus for the sole benefit of private corporations and the very wealthy, at the expense of the residents of Washington, DC.**

**Yours sincerely,  
Carolyn Carson  
Ward 3**

## Townley, Dion (EOM)

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**From:** Carole Lewis Anderson <carole.lewis.anderson@gmail.com>  
**Sent:** Wednesday, July 19, 2017 8:50 AM  
**To:** Townley, Dion (EOM); mayor.bowser@public.govdelivery.com; Mendelson, Phil (COUNCIL)  
**Cc:** Parisa Norouzi  
**Subject:** Crummell School

I am vehemently opposed to the surplus designation for the historic **Alexander Crummell School** in Ivy City. The School and its site will perhaps be the only remaining indication of historic Washington in that fast-developing area of DC, and they are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults. (And trees for children to be able to breath clean air and watch birds perch.)

"Surplussing" itself is heinous, especially to those DC residents who do not want to loose their city to transient hordes who seek to live in glass towers.

Please take this seriously. The opponents of historic destruction and soulless highrises are growing in number.

All the best,

--

Carole Lewis Anderson  
Washington, D.C  
202-441-1090





## Townley, Dion (EOM)

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**From:** Beverly Jackson <beverlyjack390@yahoo.com>  
**Sent:** Wednesday, July 19, 2017 8:50 AM  
**To:** Townley, Dion (EOM)  
**Subject:** Crummell School

Hello,

I am writing to send a message against the selling of the historical Crummell School rather than rehabilitating it for the community. Promises have been made over the years and I realize that DC government promises are usually broken but this community has few resources. It would be a tragedy to deny them possible resources in their community. I am against the surplus designation of the historic Alexander Crummell School. The School and its site are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults."

Beverly Roberson Jackson, Ed.D.  
EHS SME (202) 705-8933 beverlyjack390@yahoo.com

Learn like you will live forever, live like you'll die tomorrow, dance as though no one is looking and love as though you've never been hurt...



## **Townley, Dion (EOM)**

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**From:** Naima Jefferson <naima.jefferson@gmail.com>  
**Sent:** Wednesday, July 19, 2017 8:27 AM  
**To:** Townley, Dion (EOM)  
**Cc:** Parisa Norouzi  
**Subject:** Alexander Crummell School

**I am against the surplus designation of the historic Alexander Crummell School. The School and its site are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults.**

--

Naima Jefferson  
1121 Kalmia Rd NW, Washington, DC20012  
(202) 285-7523  
[naima.jefferson@gmail.com](mailto:naima.jefferson@gmail.com)

## **Townley, Dion (EOM)**

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**From:** Dominic Moulden <dmoulden@onedconline.org>  
**Sent:** Wednesday, July 19, 2017 8:20 AM  
**To:** Townley, Dion (EOM)  
**Subject:** Crummell School

good morning dion,

ONE DC is opposed to Crummell School being designated as surplus property.

**"I am against the surplus designation of the historic Alexander Crummell School. The School and its site are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults."**

Thank you.

peace,

dominic t. moulden  
Resource Organizer  
ONE DC  
614 S Street, NW - rear carriage house  
Washington, DC 20001

## **Townley, Dion (EOM)**

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**From:** RKM Hopson <rkmhopson@gmail.com>  
**Sent:** Wednesday, July 19, 2017 8:12 AM  
**To:** Townley, Dion (EOM)  
**Subject:** Crummell School designation

Dion Townley  
Office of the Deputy Mayor  
Washington, DC

Dear Dion Townley:

As a resident of the District, I am against the surplus designation of the historic Alexander Crummell School and any other efforts to relocate and displace our communities without sufficient mechanisms of support. The School and its site are needed for public purposes including green space, outdoor recreation including a playground and basketball court, and programming for youth and adults. Would you do this in an historically white neighborhood?

Best,

Rodney Hopson  
312 Missouri Avenue  
Washington, DC 20011

## **Townley, Dion (EOM)**

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**From:** Brigitte Rouson <brouson@hotmail.com>  
**Sent:** Tuesday, July 18, 2017 4:51 PM  
**To:** Townley, Dion (EOM)  
**Subject:** No to Surplus Designation for Crummell School!

Dear Mr. Townley,

I am writing to make clear that as a resident of the District who first arrived in DC as a student in 1975, and has since served as a public policy attorney since the 1980s, a grantmaker and public interest sector consultant, I have witnessed the DC government's many decisions on community housing and economic development.

**I OPPOSE A SURPLUS DESIGNATION FOR THE CRUMMELL SCHOOL.**

There are clear and unequivocal uses of the property in the public interest, both for historic preservation and for current community benefits. With an affordable housing crisis and a lack of sufficient community centers in DC, we cannot in good conscience support "surplusing" in an instance such as this one.

It is time to stem the tide of city government's promotion of gentrification.

I am requesting a response at your earliest opportunity.

In a spirit of truth,  
Brigitte Rouson Wilson  
(Ward 5)

## **Townley, Dion (EOM)**

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**From:** Charles R. Turner <charlesrickturner@outlook.com>  
**Sent:** Tuesday, July 18, 2017 1:18 PM  
**To:** Townley, Dion (EOM)  
**Subject:** Alexander Crommell School

I am an alumnus of Crommell, and do not support the designation of this historical site as surplus property. Let the community use it for community purposes.

Sent from my Boost Mobile Phone.

GOVERNMENT OF THE DISTRICT OF COLUMBIA

+ + + + +

OFFICE OF THE DEPUTY MAYOR FOR PLANNING  
AND ECONOMIC DEVELOPMENT

+ + + + +

SURPLUS MEETING

+ + + + +

MONDAY  
JULY 17, 2017

+ + + + +

The Office of the Deputy Mayor for  
Planning & Economic Development met in the  
Trinity Baptist Church, at 1814 Central Place,  
N.E., Washington, D.C., at 6:30 p.m., Dion  
Townley, Project Manager, presiding.

PRESENT

DION TOWNLEY, Project Manager  
GILLES STUCKER, Senior Project Manager

1 P-R-O-C-E-E-D-I-N-G-S

2 6:44 p.m.

3 MR. TOWNLEY: Welcome, everyone. My  
4 name is Dion Townley. I'm the project manager  
5 with the Office of the Deputy Mayor for Planning  
6 and Economic Development. Thank you all for  
7 taking the time out of your schedules to be here  
8 tonight, braving the rain.

9 Please make sure you've signed in so  
10 that we can actually attach your name to your  
11 comments. We also are providing an ASL  
12 interpreter standing here to my left. Please let  
13 me know if you need assistance with that.

14 Tonight, on behalf of the Executive  
15 Office of the Mayor, we're here to receive and  
16 record comments from the public regarding the  
17 proposal to designate the property surrounding  
18 the Crummell School building located at 1900  
19 Gallaudet Street NE as a surplus property also  
20 identified as Lot 0022 in PAR Suffix 0142.

21 The claim of property surplus means  
22 the property is no longer needed for use by the



1 District government. When the mayor intends to  
2 dispose of District-owner property for  
3 redevelopment, the property must first be  
4 declared surplus by the Council.

5 In order for the property to be  
6 declared surplus by Council, the mayor must  
7 submit legislation for Council review and  
8 approval per D.C. Official Code 10801.

9 Under D.C. Code 10801, the mayor's  
10 office is required to hold a public meeting prior  
11 to submitting the surplus legislation to Council  
12 in order to receive feedback from the community  
13 on the District's finding that the property is no  
14 longer required for us by the District  
15 government, which is the purpose of tonight's  
16 meeting.

17 Comments received tonight will be  
18 recorded and submitted to Council together with  
19 surplus legislation. Council will review the  
20 surplus legislation and conduct a separate public  
21 hearing before voting to approve or disprove the  
22 surplus designation.

1           Before hearing your comments, let me  
2 provide a brief background on the site itself.  
3 This surplus hearing, as I mentioned before, is  
4 regarding the land surrounding the Crummell  
5 School building which is approximately 100,643  
6 square feet.

7           The site is located at the southeast  
8 corner of the intersection of Kendall Street NE  
9 and Gallaudet Street NE in the Ivy City  
10 neighborhood. The District will retain ownership  
11 of the historic Crummell School building located  
12 on this site, and in the future, the two parcels  
13 will be subdivided.

14           The intention for tonight's meeting is  
15 to focus on whether there is a public need for  
16 the property. There will be additional  
17 opportunities to discuss the proposed  
18 development. DMPED and the developer will  
19 continue to meet with the community to keep the  
20 public informed and listen to comments on the  
21 proposed development.

22           For those wishing to share any

1 comments regarding the proposed designation of  
2 the property as surplus, I will call you up to  
3 the microphone based on the sign-in sheet, and  
4 again, if you were unsure before when you were  
5 signing in, I will allow you all to come up and  
6 speak after we've gone through the sign-in sheet.  
7 Also, we'll have note cards here for anyone that  
8 wants to provide written comments for the record.

9 Each person will have a total of three  
10 minutes to deliver their comments. If commentary  
11 exceeds three minutes, we kindly request a  
12 written draft be submitted to our office so that  
13 we can fully capture the remarks. Please focus  
14 your comments on the surplus designation.

15 When beginning your remarks, please  
16 state your name and association, for example, if  
17 you're an ANC member or a resident of the  
18 surrounding neighborhood.

19 Please respect the person who is  
20 speaking and avoid interrupting so we may all get  
21 the benefit of hearing the person's comments.  
22 Comments may be emailed to myself at

1 dion.townley@dc.gov. I also have business cards  
2 for anyone with my information on it.

3 Please also note that this meeting is  
4 being recorded and transcribed, and all comments  
5 will be submitted to Council with the surplus  
6 package. Additionally, there are note cards and  
7 pencils at the sign-in table, and I also have  
8 them up here next to the microphone.

9 I'll now open the floor for public  
10 comments. First up, we have Teresa Burton, if  
11 you could please approach the microphone, or I  
12 can provide it to you. You know what? Actually,  
13 I'll provide it to you.

14 MS. BURTON: Good evening, everyone.  
15 My name is Ms. Burton. I've been around --- I'm  
16 81. I've been around to see a lot of things that  
17 has gone on in D.C., in a lot of the areas in  
18 D.C., and fighting is one thing that you all have  
19 to learn how to do, and this is what we have to  
20 do for what we want, what we want to keep, and  
21 what we want to hide.

22 So it's good to speak the things that

1 need to be done, and that's the fight of what's  
2 being taken away from me, and I hope a lot of  
3 things are not just going to be taken away. I  
4 hope we will continue to fight. We keep on  
5 fighting. Don't stop fighting because this is  
6 the thing we need to do, keep fighting.

7 Don't stop because what's now is  
8 everything is being bought, everything.  
9 Everything is being bought. Money has control of  
10 everything now, so we have to fight harder and  
11 harder, and don't stop because we want to let  
12 them know that money is not going to control  
13 everybody. So I wish you all good luck. Thank  
14 you.

15 MR. TOWNLEY: Thank you, Ms. Burton.  
16 Next, we have CJ Lewis.

17 MS. LEWIS: CJ Lewis with the Bottom  
18 Line X3. I'm an independent project manager. I  
19 do a lot of consulting for different businesses  
20 in the neighborhood. I wanted to clarify and  
21 make sure is this a process because of one  
22 developer, or would it have happened with all of

1 the developers?

2 MR. TOWNLEY: This meeting is required  
3 by law, and regardless of which developer was  
4 selected, this would be a requirement for the  
5 10801 law. Next, we have Daisy --

6 MS. WROTEN: Wroten.

7 MR. TOWNLEY: -- Wroten. Sorry.

8 MS. WROTEN: Daisy Wroten.

9 MR. TOWNLEY: Yes, if you could come  
10 up to the microphone?

11 MS. WROTEN: Okay.

12 MR. TOWNLEY: This is the mic.

13 MS. WROTEN: All right. I understand  
14 that the property surrounding the school is a  
15 surplus situation. We're not talking about the  
16 school itself, right?

17 MR. TOWNLEY: Correct.

18 MS. WROTEN: Okay, does that mean that  
19 they're going to build around the school? The  
20 surplus is to take that property and put other  
21 things on it? Is that what that means?

22 MR. TOWNLEY: I need to speak into the

1 microphone.

2 MS. WROTEN: Okay.

3 MR. TOWNLEY: Sorry. So this meeting  
4 here is regarding -- I'm going to speak what I'm  
5 describing so that the transcriber can pick it  
6 up. We're talking about the area around the  
7 actual school, not the school itself.

8 MS. WROTEN: Not the school itself?

9 MR. TOWNLEY: Correct.

10 MS. WROTEN: And so the school will  
11 stand, or they don't know what they're going to  
12 do with the school?

13 MR. TOWNLEY: No, the District will  
14 retain ownership of the school itself.

15 MS. WROTEN: Okay.

16 MR. TOWNLEY: This will continue.  
17 This is an historic structure, and it will  
18 continue to be owned by the District.

19 MS. WROTEN: Okay, I was hoping that  
20 would be the case because I attended Crummell  
21 School, and I would love to see it stand there.  
22 I entered it in 1935, so I went all the way

1 through to the sixth grade, and I'm happy to be a  
2 part still of the community. I'm of the Trinidad  
3 community. I've lived here all my life, and I  
4 would love to see Crummell stand as is, and  
5 whatever they do, I hope it's something  
6 profitable to the community.

7 MR. TOWNLEY: Thank you. Next, we  
8 have Berlin Dean.

9 MR. DEAN: Good evening, everybody.  
10 I just wanted to say that the school or the  
11 property around it should not be surplus. The  
12 community has a need for it. It's not something  
13 that they want. It's something that is needed in  
14 the community. If you notice around the streets,  
15 the streets have been kind of quiet.

16 The land around there could be used  
17 for a lot of things to serve the community,  
18 basically to complete a bond between the  
19 community and the development around here. It's  
20 basically to fulfill a need, you know, to bond  
21 the community with the commerce and so forth.

22 My name is Berlin Dean. My father



1 went to Crummell School about the time that this  
2 young lady did, okay. I'm 67 years old. My  
3 father died a couple of years ago at 87. And you  
4 can tell I turned out to be pretty good. That's  
5 because of this lady right here, and my father,  
6 etcetera.

7 But anyway, Alexander Crummell, it's  
8 fitting that this guy, this man, this doctor,  
9 this preacher, this Episcopalian preacher, he  
10 went to Africa for 20 years and then came here.  
11 He was there 20 years to spread the word of  
12 Christianity.

13 There was a certain need that he  
14 thought that he would bond that community, those  
15 communities over here. When he came over here,  
16 he did the same thing. He built two churches  
17 here, one I didn't know, St. Luke's, which I went  
18 to and I was an acolyte when I was a boy on 15th  
19 and P. I can't think of the name of the other  
20 church.

21 PARTICIPANT: St. Mary's.

22 MR. DEAN: Okay, what was the name of

1 it?

2 PARTICIPANT: St. Mary's.

3 MR. DEAN: St. Mary's. Yes, so this  
4 is a man that had a vision to bring about what  
5 was needed, you know, for the community. That's  
6 why the school should stay and the land should be  
7 used for the purpose that the community has in  
8 mind. In my short history of being involved with  
9 Empower DC, I've seen some extraordinary things  
10 where the needs of individuals were defined.  
11 They were not given.

12 Like a man was -- we went over to  
13 Barry Farms and we went over his place, and this  
14 man did not have -- he was living without a  
15 refrigerator for four years, I mean without a  
16 water heater, I'm sorry, for four years. The  
17 city knew about it. When we went out there to  
18 look at it and did an inspection, they gave him  
19 one the very next day, the very next day.

20 I'm going to go off on another little  
21 case where a young lady, you know, she has a leak  
22 that has caused disruption in her life, mold in

1 her kitchen and so forth. The so-called city has  
2 fixed it five times, a simple thing and it's  
3 still not done right.

4 So what I'm saying is she is right.  
5 You have to fight. You have to come out here and  
6 make your word known because the community needs  
7 you, and this community should survive and bring  
8 some life that we don't see out there. So there  
9 are some people in this room that have been  
10 fighting for a long time, for 20 years or more.  
11 Am I right?

12 MR. TOWNLEY: Mr. Dean?

13 MR. DEAN: So I think you got my  
14 point. All right, thank you.

15 MR. TOWNLEY: Thank you. Next, we  
16 have Omar Hakeem.

17 MR. HAKEEM: Hello, my name is Omar  
18 Hakeem. I'm here to articulate and voice my  
19 disagreement with this school property being  
20 surplus, just to be clear about that. I'm going  
21 to offer two perspectives on that. One is as a  
22 representative of other people that are here.

1 I spent a lot of time earlier this  
2 year and last year working alongside people in  
3 this community who very clearly articulated their  
4 interests and desires for that property to be  
5 developed as a site for recreation amenities.

6 And I understand that in this meeting,  
7 and you requested our comments to be divorced  
8 from the proposals, but that's somewhat  
9 impossible in that the proposals do articulate in  
10 some ways less or some ways more uses for  
11 recreation or not, and that's why I'm saying  
12 because of the RFP process, how that laid out and  
13 the decision that was made, I can say pretty  
14 clearly that from what I heard of those in the  
15 community, that that proposal did not protect the  
16 right of that space to remain public and to be  
17 used by others, so I do not agree with the site  
18 being surplus.

19 The other perspective that I'm going  
20 to bring is as myself, as a resident, I was born  
21 and raised in the city, whose family was from  
22 this city for generations, and also that of an

1 architect and urban designer, and I can tell you  
2 from my experience and from the experience of  
3 other people in my field, that cities are built  
4 step by step, thousands of little decisions from  
5 people like you who are public servants, and from  
6 people like me that work in the field of design,  
7 construction, and urban planning.

8 And this amounts to one of those steps  
9 in a direction that's away from a really  
10 equitable city because this site represents  
11 something that could be really for a broader  
12 spectrum of people, and if it's not protected, it  
13 will be only accessible to a select few.

14 MR. TOWNLEY: Thank you, Mr. Hakeem.  
15 Next, we have Mr. Michael Sellner.

16 MR. SELLNER: Hello, my name is  
17 Michael Sellner. I'm a resident here in Ivy  
18 City, and I'm sort of confused. I don't exactly  
19 know what happened. I thought the developer was  
20 going to basically renovate the Crummell School  
21 and make it an open space, and then build condos  
22 around it or something, and I'm not exactly sure

1 what happened to that. Why is it being  
2 designated as a surplus property?

3 MR. TOWNLEY: So this meeting is  
4 required by law. This is separate from the  
5 actual development plan. There will be other  
6 opportunities to interface and engage with the  
7 developer as well as council. They're going to  
8 provide another hearing opportunity.

9 So this is purely for the surplus of  
10 the surrounding land. It has nothing to do with  
11 what the development plan for the actual site  
12 will be. Does that answer your question?

13 MR. SELLNER: Sort of. Sort of. The  
14 community needs a recreation center, and I know a  
15 lot of people in this community care about it.

16 MR. TOWNLEY: Thank you. Mr. Fred  
17 Jackson?

18 MR. JACKSON: Yes, my name is Fred  
19 Jackson. I'm a native Washingtonian. I live in  
20 Brookland. I've been coming over here  
21 participating in some of the events that have  
22 been held in this area for Crummell School as

1 well as for the 100,000 square feet of land.

2           So I'm a supporter of the preservation  
3 of history. In this particular area, obviously  
4 it's not a large neighborhood like Brookland is.  
5 The community over and over again has really been  
6 interested in preserving their culture, their  
7 heritage.

8           I think that's a real big deal. I  
9 would hope that the mayor and the city council,  
10 as well as the mayor's team, would be supportive  
11 of protecting that kind of heritage and history  
12 in this particular area.

13           Because there is so much development  
14 going on right around here, that public space,  
15 public lands that support an environment that is  
16 catered toward children and families, and  
17 seniors, and some greenery, I think would add a  
18 lot of value because we're not going to probably  
19 have that kind of development around here with  
20 more green space.

21           It's a healthier well-being for people  
22 to be able to come to a park area whether you're

1 a senior, or whether you're young people, or  
2 whether you're parents or kids, to be able to sit  
3 around and enjoy your environment, and that  
4 location is perfect for some kind of combination  
5 of that kind of setup, a park and playground  
6 area, sports area, to bring some vibrancy and  
7 outdoor activities for the community.

8 So I would not suggest that we surplus  
9 that. I suggest that we keep that as city-owned  
10 property and do something to enhance it and make  
11 it appealing for the development that's going to  
12 be going all around it.

13 MR. TOWNLEY: Thank you. Parisa  
14 Norouzi?

15 MS. NOROUZI: Good evening, I'm Parisa  
16 Norouzi, and I'm the director of a group called  
17 Empower DC. This is Aziza. I've had the  
18 pleasure of working with Ivy City residents since  
19 2001 when the then president of the Civic  
20 Association, Mr. Arby Parks, who is now deceased,  
21 requested that I assist with efforts to save  
22 Crummell School, and I met Ms. Wroten back then,



1 and Ms. Howard back then, and for many, many  
2 years worked to first gain historic designation  
3 of the site, and then later, try to prevent it  
4 from being disposed of several times. In 2006,  
5 it was going to be disposed of, and we were able  
6 to prevent that. We prevented it from becoming a  
7 bus depot just a few years ago.

8 One thing that I know for sure is that  
9 this community has been well on record for  
10 decades of its vision for this school and the  
11 site to be used for public uses. It's documented  
12 in D.C.'s comprehensive plan in several places.

13 It talks about not just restoring the  
14 building for public uses, but also maintaining  
15 open and green space in this very neighborhood.  
16 It's stated several times that that is a great  
17 need of this neighborhood.

18 I'm sure you've recognized Ivy City  
19 has some of the least amount of tree cover and  
20 green space of any neighborhood in the city, and  
21 as a result, has poor air quality, and that's one  
22 of the things that we monitored a few years ago

1 when we were fighting the bus depot, so I think  
2 it's very well documented.

3 And I just want to say that I've been  
4 in meetings in this room for 15 years or 16 years  
5 with some people who have passed on, and this was  
6 their vision and this was their fight to keep  
7 this land a fitting memorial to the great man of  
8 Reverend Doctor Alexander Crummell, an  
9 abolitionist and educator, somebody who this is  
10 the only known memorial to him, and really for it  
11 to be a center for the uplift of this community  
12 and surrounding communities, desperately needed.

13 You see the young men and women that  
14 really don't have a place to go for workforce  
15 development, for youth programming, for after  
16 school support. We have a youth detention  
17 facility, but no recreation center in this  
18 neighborhood.

19 It's been well documented that there  
20 is many, many, many public needs, and there's a  
21 lot of private development happening on every  
22 square inch of the District of Columbia. We

1 certainly don't need to take our historic sites  
2 and turn them over for private, for profit  
3 development too. Thank you.

4 MR. TOWNLEY: Thank you. Next, we  
5 have Mikaela Kardy.

6 MS. KARDY: Hi, everyone. I'm Mikaela  
7 Kardy. I work for a nonprofit community design  
8 center, and last year, I had the opportunity to  
9 work with several residents of all different ages  
10 on an arts and creative place-keeping project as  
11 a lot of people called it.

12 And during that process, I heard very  
13 clearly articulated that the Crummell School was  
14 desired as one of the -- maybe it's the only, the  
15 last remaining place in Ivy City for public  
16 recreation. And I'll clearly say that it should  
17 not be designated as surplus.

18 And not only is it an opportunity for  
19 public recreation space and a community center,  
20 it also has significant meaning to the  
21 neighborhood's identity. And in the face of  
22 significant neighborhood change, this is an

1       incredible opportunity to preserve Ivy City's  
2       history and not lose one of these last remaining  
3       sites within the neighborhood. So it should be  
4       retained as a public community city, preserving  
5       its support in the neighborhood's heritage.

6               And as a couple have said before me,  
7       you know, I come from this perspective of hearing  
8       neighborhood residents' opinions voiced very  
9       clearly on this, and then also as a planner and  
10      community designer who understands the value of  
11      community public space as an equitable place for  
12      all residents. And as this neighborhood changes  
13      and new residents come in, this is an opportunity  
14      to see the neighborhood's heritage reflected  
15      during development, so thank you.

16             MR. TOWNLEY: Thank you. Next, we  
17      have Laura Fuchs.

18             MS. FUCHS: Hello, I'm Laura Fuchs.  
19      I'm a new Ward 5 resident, but for the past ten  
20      years, I've been working at H.D. Woodson in Ward  
21      7. And when Spingarn closed, we received, well,  
22      many students chose to come to Woodson. They had

1 options of which schools to go to. And because I  
2 would commute across town to get there, I'd often  
3 pick them up from this area to bring them over to  
4 Woodson because it was a bit of a long haul for a  
5 lot of them to get there in the morning.

6 And one of the things that became  
7 really clear was that the students needed  
8 somewhere to go in their own neighborhood, that  
9 they shouldn't have to be commuting across town.  
10 Their resources have been systematically stripped  
11 from them.

12 I've witnessed the effects on the kids  
13 of having that happen, of losing Spingarn as a  
14 school for them and what that's meant for the  
15 young people in this community, and it's not  
16 acceptable, and it's not acceptable to continue  
17 to give up public property for for-profit private  
18 interests.

19 It's not in the benefit for the  
20 community. It's not in the benefit for our  
21 youth. And if we're trying to think of the  
22 future of this city and what we can do to better

1       serve all of our residents, this is not the  
2       answer.

3                   And like many have said, we're getting  
4       plenty of development all over the place.  
5       There's plenty of property that can be developed.  
6       They have all of the high-rises and supposedly  
7       bring down prices, which I'm not going to even  
8       claim that's true, but whatever.

9                   We don't need this one too. It's not  
10      like this is going to make an appreciable  
11      difference in the affordable housing market. In  
12      fact, it's going to do quite the opposite, and we  
13      don't need it, so no to the surplus.

14                   MR. TOWNLEY: Thank you. Next, we  
15      have Geneva McCoy.

16                   MS. McCOY: Hello, my name is Geneva  
17      McCoy. I live on Providence Street around the  
18      corner from the school. I'm a relatively new  
19      resident here, and I'm just wondering a little  
20      about what's the plan for the space.

21                   I mean, it seems to, you know, make  
22      sense that, you know, people want something

1 public use, but it seems like maybe there's a  
2 compromise that can be struck. The school's not  
3 going to be designated as surplus, so, you know,  
4 maybe if it's possible for some of the area  
5 around it to also be green space, that would be  
6 really nice.

7 Just a little about me, I'm also, you  
8 know, a landlord here. I bought a four-unit  
9 apartment building with my husband. We put  
10 everything we had into it, and we didn't evict  
11 the people who lived there.

12 We don't really make any money off  
13 them living there. We fixed it up, you know, got  
14 exterminators and all that. So, you know,  
15 private owners isn't necessarily people who don't  
16 believe in things like affordable housing and  
17 public space and all that.

18 I don't have kids yet, but I  
19 definitely want somewhere for them to play and,  
20 you know, I see the kids on my block who have  
21 nowhere to go and are literally, like, throwing  
22 rocks at each other and all that. So I think

1 it's great that the school is still going to be,  
2 you know, a rec center, or at least not surplus.

3 But as someone who lives here who has  
4 invested literally everything I have and then  
5 some that I don't in it, I think it's really  
6 important to consider, you know, the thoughts of  
7 people who actually live here and pay taxes in  
8 this neighborhood, so I'm not against the  
9 surplus.

10 MR. TOWNLEY: Thank you. Henry  
11 Manville?

12 MR. MANVILLE: My name is Henry  
13 Manville. I live at 1905 Capitol Avenue NE. I'm  
14 a homeowner here, and so I live here and pay  
15 taxes as well, but I do object to the surplus.  
16 Prior to considering the disposal of the property  
17 for private development, the city has already  
18 made promises like in the comp plan for green  
19 space, in other public documents for public use.

20 I think the city should live up to  
21 those promises. There has been a designation of  
22 this site, not the building, but the site as an



1 historic property. That requires, I think,  
2 ethically an understanding that the entire site  
3 is an historic property and should be maintained  
4 so. And finally, the people of Ivy City need the  
5 District to come through and live up to the  
6 promises it's made in the past.

7 MR. TOWNLEY: Thank you. Belinda  
8 Taylor?

9 MS. TAYLOR: Thank you, Dion. Hello,  
10 everyone. My name is Belinda Taylor. I am a  
11 resident of Ivy City, 1905 Capitol Avenue, so,  
12 yeah, that's my husband. I am against the  
13 surplus of this property, and my question, Dion,  
14 is this. I have a few questions actually. How  
15 was this meeting advertised to the residents?

16 You know, I just happened to know  
17 about the meeting, and I know there are people in  
18 this room who like to say that the residents, you  
19 know, "My residents want certain things," but  
20 it's important for "my residents" to get notice  
21 of these meetings and to be told about the  
22 importance of these meetings. So do you have an

1 answer for that?

2 MR. TOWNLEY: Yes, we work with our  
3 community relations office to reach all of the  
4 channels for each neighborhood. It's also posted  
5 in the Register, so that's typically how we  
6 notice our surplus meetings.

7 MS. TAYLOR: Okay, well, most of the  
8 people in Ivy City would not read the Register  
9 and not know about this meeting, so I think, you  
10 know, we're doing a disservice if we're having a  
11 discussion about something that's central to our  
12 community and not getting the information.

13 Perhaps working with the ANC who is  
14 able to reach the community, you know, through  
15 advertising or, you know, going door to door and  
16 meeting the neighbors and letting them know about  
17 this meeting would be a useful way to go.

18 And I can volunteer my services as  
19 well to help you do what I think the mayor's  
20 office needs to do, which is to hear from the  
21 people who actually live here as well. And it's  
22 not that I'm against anyone else's voice being

1 heard, because I think that's very important.

2 Ivy City does not exist by itself.

3           It's a community where people have  
4 moved on and moved out, but are still concerned  
5 about what's going on here. So I'm not saying to  
6 exclude anyone. That is not what I'm saying, but  
7 my concern is that we do reach out to residents  
8 and hear what they have to say as well because I  
9 would love for my neighbors to know about what's  
10 going on.

11           I don't support the surplusing of this  
12 site. It is a community site. And as many  
13 people, you know, as many have said before, we  
14 have numerous projects of development and private  
15 housing going up, and there's no need to do that  
16 on that site.

17           I live here right across the street  
18 from Cee's store, and on a daily basis, I see the  
19 children in this neighborhood riding their bikes  
20 up and down with no real sense of the danger that  
21 they're encountering, and I see cars flying up  
22 and down with these kids, and it's concerning

1 that because we want to develop and we want to  
2 have amazing housing, that children may die on  
3 the streets of Ivy City because of that.

4 You know, I think there's a moral  
5 obligation from the mayor's office and from  
6 public officials to support safety, and promote  
7 safety, and to promote an option for the  
8 residents of Ivy City that would be helpful and  
9 not endanger the people of Ivy City.

10 You know, do your development.  
11 There's lots of place to do it. That's just a  
12 small, you know, piece of land that should be  
13 surplusd and should be kept for public use.  
14 Thank you.

15 MR. TOWNLEY: Thank you. Also, we're  
16 required to notify the entire ANC 30 days in  
17 advance, so that was another way that we got the  
18 word out.

19 MS. TAYLOR: I'm sorry?

20 MR. TOWNLEY: I said we're required by  
21 law to notify the ANC 30 days in advance of the  
22 meeting.

1 MS. TAYLOR: So my ANC rep knew about  
2 this meeting 30 days ago?

3 MR. TOWNLEY: Your ANC rep was  
4 notified.

5 MS. TAYLOR: Okay.

6 PARTICIPANT: Is this the ANC's --  
7 this is not my meeting, so it's not my  
8 responsibility to also disseminate notices. And  
9 as he said, the commission, I'm one member on the  
10 commission.

11 MS. TAYLOR: Dion, I'll just repeat  
12 what I said and, you know, if you need help in  
13 disseminating information, as a resident of Ivy  
14 City, I'm happy to help.

15 MR. TOWNLEY: Thank you. That is all  
16 I have for people who checked the box. As I  
17 mentioned earlier, if you would like to provide  
18 comments, please form a line here in front and  
19 we'll --

20 INTERPRETER: Good evening, I'm  
21 Gabriel. I'm a Gallaudet University alumni right  
22 near here. I'm also D.C. ambassador for DOE, the

1 Department of Energy and Environment. I work  
2 with the sustainability program, the Sustainable  
3 DC.

4 So everyone who is mentioning the  
5 importance of green space, that's exactly what  
6 we're working on, that Sustainable D.C. is  
7 something we should be aware of as well. We're  
8 trying to preserve these open green spaces for  
9 the public.

10 I'm also CEO of STEMS, the Science  
11 Technology Engineering and Math Signs Project.  
12 My service to the community is to offer free  
13 learning opportunities for this community. We  
14 want to build relationships and build  
15 opportunities in STEM fields for children in this  
16 community.

17 My family believes in communities that  
18 work together. We also believe that this entire  
19 site should be preserved for public use, so we  
20 support those community visions. We don't need  
21 the government to decide for us what happens  
22 there. We, as a community, need to express what

1 we want there.

2 We can think of Georgetown University.  
3 They have a great coalition to protect the area  
4 near Georgetown. They have a great town  
5 relationship, and that's what we want as well.  
6 As a member of the Gallaudet University community  
7 in particular, we want to be involved and support  
8 that kind of relationship.

9 I'm also in disagreement with the  
10 designation of the surplus for this site. Please  
11 get in touch with me anytime, anyone here.  
12 Please come visit Gallaudet University. We want  
13 to be involved in the community.

14 MR. TOWNLEY: Thank you. Please state  
15 your name.

16 MR. JACKSON: All right, well, my name  
17 is George Jackson, and I'm a resident of the Ivy  
18 City Trinidad community. I've been part of this  
19 community for more than 20 years. I graduated  
20 from Crummell School. I went to Webb School. I  
21 was an ANC commissioner during the time of the  
22 redevelopment of Ivy City. I will say 1998 to

1 2002.

2                   So in that process in that time, Ivy  
3 City is not where it was today, so I worked with  
4 a lot of people in this community who saw a  
5 vision, and their vision has not come to  
6 completion. But the Ivy City was a project for  
7 when I was ANC. I worked with a lot of the  
8 people here, and it was about preserving and  
9 bringing some community benefits to the  
10 community.

11                   Now, I'm not totally in support of the  
12 developments. I don't see where it would totally  
13 support the community in terms of arising some  
14 benefits. Everybody here has made a lot of  
15 comments that I can say I agree with, but  
16 definitely I'm not totally in support of that.

17                   Also, I want to add, too, that in the  
18 process, I've formed an organization called the  
19 Ivy City Trinidad Community Development  
20 Corporation that will submit some proposals, some  
21 ideas to your email address to the mayor.

22                   So with that said, I think that



1 there's a lot more people that probably could  
2 have raised some more comments for or against it  
3 that's probably not here.

4 So I know this is the first phase that  
5 is a requirement by the city, and then it goes  
6 from that point to the city council, and I guess  
7 you'll probably get some more feedback.

8 But for me and my organization, the  
9 Ivy City Trinidad Community Development  
10 Corporation, not 100 percent in support of -- I'm  
11 in support of the building being an historic  
12 site, but I think the whole site should be an  
13 historic designation. So with that said, thank  
14 you.

15 MR. TOWNLEY: Thank you. Please state  
16 your name.

17 MS. McGUIRE: My name is Meg McGuire  
18 and I'm a member of First Congregational United  
19 Church of Christ down at Metro Center. As part  
20 of our 150th anniversary, we did a project with  
21 Habitat. We came out for the day and we were  
22 working right down at the end of the street on

1 those apartments. I guess they're condos.

2 We looked at this site and said, "Oh,  
3 my God. What an asset this is for this community  
4 if only it could be turned into a wonderful youth  
5 center and an open space. You don't have to  
6 clear it. So I would just suggest that the whole  
7 word "surplus" ought to be thrown out. Surplus  
8 means "don't need it."

9 This is a fabulous asset, and for the  
10 city not to recognize that and make this into the  
11 kind of family oriented place that it could be, a  
12 real jewel in this community, would just be a  
13 crime.

14 MR. TOWNLEY: Thank you.

15 MS. STRICKLAND: Good evening, my name  
16 is Linda Strickland. I am a member of St. Luke's  
17 Episcopal Church downtown which Alexander  
18 Crummell founded. I'm also a Ward 5 resident.  
19 And prior to notification, I had not heard of  
20 this surplus until recently, so I was not  
21 notified.

22 I went online trying to find

1 information on this meeting. I didn't find that.  
2 A notice happened through my church about a week  
3 ago, but from Ward 5 I had not heard anything,  
4 and online I didn't see anything.

5 With that, I'm trying to get a  
6 thorough understanding of what your  
7 identification of surplus is, number one, and why  
8 this wonderful community is being thrown out in a  
9 surplus when I thought we had a development which  
10 was historic, number one. I'm assuming historic  
11 means the entire area in yellow. That whole  
12 area, is that historic?

13 MR. TOWNLEY: So the area in the --

14 MS. STRICKLAND: Or only Crummell  
15 School?

16 MR. TOWNLEY: The building will be  
17 retained by the District. This surplus meeting  
18 is in regards to the surrounding space.

19 MS. STRICKLAND: Correct, but is that  
20 entire area historic?

21 MR. TOWNLEY: The building itself is  
22 designated as historic.

1 MS. STRICKLAND: Only the Crummell  
2 School?

3 MR. TOWNLEY: The school itself has  
4 historic designation.

5 MS. STRICKLAND: But the entire area?

6 MR. MANVILLE: I can speak to this.  
7 The entire site has been designated.

8 MS. STRICKLAND: That's what I thought  
9 you mentioned, so --

10 MR. TOWNLEY: Could I get you to speak  
11 into the microphone?

12 MR. MANVILLE: Sure, if you review the  
13 documents for the historic designation, it does  
14 in the documents refer to the entire site.

15 PARTICIPANT: Which documents?

16 MR. MANVILLE: The documents when the  
17 application was made and the designation  
18 received, they submitted documents describing the  
19 site. It's not just the building. The whole  
20 property is part of that application, and the  
21 whole property received historic designation.

22 PARTICIPANT: That would be the

1 state's historic preservation office, which is a  
2 state-named district, and if anyone wants the  
3 person's, the state archaeologist's email --

4 PARTICIPANT: I'm sorry. I can't hear  
5 you.

6 MR. TOWNLEY: We can't hear you.

7 MR. HAKEEM: I don't work for the  
8 state's Historic Preservation Office, but I can  
9 tell you that when a site is being designated,  
10 that the request is put to the state, being the  
11 District of Columbia in our case, a state  
12 historic preservation officer, and that's where  
13 the designation is official made, and you can go  
14 online and find their contact information or you  
15 can just come grab me and I'll make sure to try  
16 and get it to you.

17 MS. STRICKLAND: So does the surplus  
18 have the authority to designate a historic area?  
19 My question -- I'm not familiar. This is all new  
20 to me, so I'm really trying to find out what  
21 exactly surplus means. Why is that surplus in an  
22 historic area, and why is the community not being

1 heard?

2 MR. TOWNLEY: So that's what this  
3 opportunity is for. This meeting here is exactly  
4 for that purpose, to provide that.

5 MS. STRICKLAND: But where were the  
6 notifications? Why is it we were not notified, I  
7 mean, online, radio, or the newspaper? You know,  
8 it doesn't reach the whole community.

9 MR. TOWNLEY: Yeah, so this --

10 MS. STRICKLAND: So I think that is  
11 lacking, number one, and why we're not being  
12 heard as a community, you know.

13 MR. TOWNLEY: So --

14 MS. STRICKLAND: I mean, we're always  
15 finding development areas for the community, but  
16 we're not developing it for the community, this  
17 community. You know, we developed a dog park in  
18 northwest, but we cannot develop something here  
19 beneficial to the community, so I'm just trying  
20 to understand that.

21 MR. TOWNLEY: Thank you.

22 MR. LEUNG-ARELLANO: Hi, I'm Tonatiuh.

1 My dad is the CEO of STEMS, Science, Technology,  
2 Engineering, Mathematics and Sign Language. I am  
3 the co-CEO. I am against the surplus, and I  
4 think we should keep Crummell School the way it  
5 is because recently, I did a workshop about steam  
6 and we were building a little model and it was  
7 very interesting, and if we have Crummell School  
8 stay there, we can have workshops just like that  
9 and even more.

10 We could have, like, a huge meeting  
11 there, town council maybe. And I just think that  
12 we should keep it the way it is instead of  
13 changing it because the world is sacred and we  
14 shouldn't have it changing all of the time.

15 It's just that we should keep on  
16 making friends, and the government should start  
17 asking us about the changes instead of just  
18 thinking about their selves and then doing it,  
19 like we need to have our opinions expressed  
20 instead of just going with what's happening.

21 MR. TOWNLEY: Thank you.

22 PARTICIPANT: When all of the

1 questions are asked, could I ask one afterwards,  
2 please?

3 MR. TOWNLEY: No, this is an open  
4 comment period. If you have a comment, you have  
5 to speak.

6 MS. TYRENEE-NEAL: Good evening, my  
7 name is Dianne Tyrenee-Neal. You just heard from  
8 my sister. I'm also a member of St. Luke's  
9 Episcopal Church. A couple of questions, I keep  
10 hearing about the notification about this  
11 meeting. Will there be more opportunities for  
12 the community to comment about this designation  
13 before it goes to council?

14 MR. TOWNLEY: This meeting here is for  
15 a comment period, but there will be a council  
16 hearing as well.

17 MS. TYRENEE-NEAL: This meeting is  
18 required, right?

19 MR. TOWNLEY: Correct.

20 MS. TYRENEE-NEAL: And it's supposed  
21 to be the only meeting?

22 MR. TOWNLEY: There will be another



1 comment period prior to approval of any  
2 legislation we submit to the council.

3 MS. TYRENEE-NEAL: Okay, so maybe it  
4 would be good for you to really go through what  
5 the steps are. This designation, is this a done  
6 deal and we're just doing the comments to be in  
7 compliance with the law?

8 Really, the comment period, if there  
9 is not an opportunity and the community is  
10 interested in more comments, and you say that  
11 there will not be comments, that's very  
12 concerning.

13 MR. TOWNLEY: So this meeting is being  
14 transcribed now, and will be submitted to council  
15 with the legislation, and there will also be  
16 another comment period directly to the city  
17 council.

18 MS. TYRENEE-NEAL: So there will an  
19 opportunity for the community, once these  
20 comments go to council, for the community to  
21 again --

22 MR. TOWNLEY: Provide comments.

1 MS. TYRENEE-NEAL: Okay, and the  
2 concerns that have been raised here today with  
3 regard to notification, that should be or will be  
4 taken care of?

5 MR. TOWNLEY: Yes, absolutely.

6 MS. TYRENEE-NEAL: We have your word?  
7 I didn't hear you.

8 MR. TOWNLEY: Yes, you have my word.

9 MS. TYRENEE-NEAL: Okay, last, but not  
10 least, public/private partnerships, will this be  
11 considered a public/private partnership in terms  
12 of once the school, I mean the property is  
13 decided upon?

14 It seems like looking on the website  
15 that there's already been a decision with regard  
16 to carving out what we're going to do, and  
17 putting this there, and putting that there. Is  
18 the, you know, is that putting the cart before  
19 the horse? I'm not talking about what's here.  
20 If you go to the website, there seems to be a  
21 plan to do all this development.

22 So if we haven't even designated it as

1 surplus, and yet there's someone out there who  
2 has already decided what's going to happen with  
3 this property, isn't that putting the cart before  
4 the horse? Because the next step seems to be  
5 going to council after they designate it surplus.

6 MR. TOWNLEY: So nothing has been  
7 decided.

8 MS. TYRENEE-NEAL: I know what you're  
9 saying. It just seems a little strange to me,  
10 and that this is a formality. I wanted to  
11 comment on that. It just doesn't feel right, and  
12 I think there are other people who feel that way  
13 too, that it doesn't feel right, and maybe you  
14 need to convey that back also.

15 PARTICIPANT: I agree.

16 MS. TYRENEE-NEAL: Okay, thank you.

17 MR. TOWNLEY: Thank you.

18 MS. TYRENEE-NEAL: I'm sorry, one last  
19 question. You said that the school is still  
20 going to be retained by the District?

21 MR. TOWNLEY: Correct.

22 MS. TYRENEE-NEAL: When will the plans

1 as far as the school is concerned come out?

2 MR. TOWNLEY: So there will be a  
3 separate development plan meeting and discussion.

4 MS. TYRENEE-NEAL: There's going to be  
5 a timeline, right?

6 MR. TOWNLEY: Yes, this meeting is for  
7 the actual surplus.

8 MS. TYRENEE-NEAL: I understand that,  
9 but you are a project director, and I'm sure  
10 there's been some discussion about the school  
11 itself. Is there a timeline as to when that will  
12 come and be revealed?

13 MR. TOWNLEY: Yes, there is a  
14 timeline.

15 MS. TYRENEE-NEAL: Can you share it  
16 with us?

17 MR. TOWNLEY: The District government  
18 will share the proposed timeline for the  
19 development.

20 MS. TYRENEE-NEAL: But you can't share  
21 that with us? I mean, is it six months, a year?  
22 I mean, what are we talking about?

1 MR. TOWNLEY: The District government  
2 has a proposed timeline for the development plan,  
3 and the District will come to the community to  
4 share those plans.

5 MS. TYRENEE-NEAL: So you can't share  
6 that with us tonight?

7 PARTICIPANT: That's not his role.

8 MS. TYRENEE-NEAL: I'm not talking  
9 about his role, but you're intimately involved in  
10 this process, right?

11 MR. TOWNLEY: Yes, so the purpose --

12 MS. TYRENEE-NEAL: Okay.

13 MR. TOWNLEY: The purpose of this  
14 meeting is to provide comments on the surplus.

15 MS. TYRENEE-NEAL: So you're going to  
16 stick to that, okay, all right. That's fine.

17 MR. TOWNLEY: Thank you.

18 PARTICIPANT: Has a developer and a  
19 plan been decided?

20 MR. TOWNLEY: He and I actually  
21 already did speak.

22 MS. LEWIS: I guess I was a little bit

1 late, so I didn't catch the first half of the  
2 meeting, but I'm Peta-Gay Lewis, and I'm actually  
3 the ANC commissioner for this area, and thank you  
4 for being beat up tonight, Dion.

5 But I'm a little bit surprised about  
6 this meeting because from our understanding, we  
7 had a proposal that was selected, and we were  
8 moving in the direction of the development of the  
9 entire site. We would have recreational space  
10 within the building, and then there was a  
11 development plan around it, so when I heard the  
12 word "surplus" I was a bit surprised.

13 I don't know if Dion explained that to  
14 the entire room, but if possible, can you tell me  
15 how the surplus affects the proposal that was  
16 accepted and won? Because if we don't know that,  
17 then of course we won't be comfortable because we  
18 selected one. The Commission as a whole voted,  
19 "That's the one we wanted," and if the game is  
20 changing, then the Commission is going to have to  
21 give great weight on that.

22 MR. TOWNLEY: There has been no

1 changes to date as to all of the information that  
2 Peta has provided to the community. This meeting  
3 is for the surplus of the surrounding area around  
4 the school itself, to provide comments, to  
5 provide the community an opportunity to provide  
6 comments.

7 MS. LEWIS: Okay, so having said that,  
8 does the space have to go surplus in order for  
9 the developer to take over the property as  
10 initially explained to us, or is this a separate  
11 thing of that proposal?

12 MR. TOWNLEY: In order for there to be  
13 any disposition or, I'm sorry, any surplus of  
14 land for any use, we have to, as required by  
15 10801, provide an opportunity for the community  
16 to provide comments.

17 MS. LEWIS: Okay, so this is a part of  
18 the process of the winning proposal being put  
19 into action, correct?

20 MS. LEWIS: It would have happened  
21 with any of the three developers.

22 MS. LEWIS: That's what I'm thinking,

1 but how some of the other people who have spoken,  
2 they're making it seem as if it's a separate  
3 thing. We're no longer looking at the proposal  
4 that we wanted.

5 That's why I want the clarification  
6 because if it's a separate thing and we're not  
7 going to implement the plan that we assumed was  
8 going to be implemented, we need to know that.

9 MR. TOWNLEY: So I'm bringing  
10 associate director Gilles Stucker. He's going to  
11 respond.

12 MS. LEWIS: This guy, he had a comment  
13 to make before.

14 MR. STUCKER: Let me answer her  
15 question. Is that okay first?

16 MS. LEWIS: Oh, that's fine.

17 MR. DEAN: The discussant has now just  
18 answered that question. The decision has  
19 apparently been made. The developer has been  
20 selected, and a plan has been initiated. This  
21 right here, this discussion doesn't mean  
22 anything.



1 MR. STUCKER: Excuse me, before we go

2 --

3 MS. LEWIS: But we all -- there are a  
4 lot of people in this room who are here --

5 (Simultaneous speaking.)

6 MR. DEAN: -- anything at this point.  
7 That's what's being said.

8 MS. LEWIS: Can we lose not sight?  
9 And I have to say this, Theresa has put in a lot  
10 of work to inform the community about all of the  
11 meetings, so I want to one, give her credit for  
12 that. So it's not like something that came up  
13 automatically.

14 She came out. She gave information to  
15 the community. Maybe some of it wasn't heard  
16 throughout the community, but everyone was given  
17 an opportunity to know about the meetings.

18 MR. STUCKER: If I could give an  
19 overview of what the next steps are, if I could?

20 MS. LEWIS: Yes, but some were saying  
21 that this was a new process and there's no use to  
22 it, and I said we have to give credit to you for

1 putting the information out to inform the  
2 community about --

3 Okay, no, just some people were saying  
4 it happened already without anybody knowing, and  
5 I said it didn't happen already without other  
6 people knowing because there were efforts made by  
7 some community --

8 MS. NOROUZI: There were efforts made  
9 to confuse people in the community on your part  
10 to speak negatively against the proposal that the  
11 community was supporting, to manufacture --

12 MS. LEWIS: I just gave --

13 (Simultaneous speaking.)

14 MR. TOWNLEY: Excuse me, excuse me,  
15 excuse me, excuse me, excuse me.

16 MR. STUCKER: Can I just talk briefly  
17 about the overview of the process because there  
18 were a couple of process questions that might be  
19 helpful to understand, so what the Executive  
20 Office of the Mayor must do is a request to  
21 authorization.

22 So the first is to surplus the

1 property, which the comments tonight go into the  
2 surplus package that allows the District to take  
3 District property and surplus it. The second is  
4 then requesting disposition, which is the  
5 authority to take the property and dispose to it  
6 to a developer.

7 Generally, we submit those packages  
8 together to Council, so you'll see when there's a  
9 hearing, it will be for a surplus and  
10 disposition.

11 PARTICIPANT: What does surplus mean?

12 MR. STUCKER: Surplus means when the  
13 property is no longer used for governmental  
14 purposes. So it's owned by the city and it will  
15 be -- then the Council will give the authority to  
16 the mayor to essentially sell the property or  
17 dispose of the property. Then the disposition  
18 allows that sale authority to go to a particular  
19 developer to dispose of it.

20 MS. LEWIS: So this meeting is a  
21 continuation of our RFP process?

22 MR. STUCKER: It's a continuation of

1 the entire development process, correct.

2 MS. LEWIS: Okay, it's good to hear  
3 that said because I think some people in the room  
4 are thinking it's a separate project. You guys  
5 are going to pull back the project the community  
6 and the commission has supported and chosen  
7 because of misinformation from some of the people  
8 providing the information to the community.

9 MR. STUCKER: The gentleman in the  
10 back?

11 MR. JACKSON: Yeah, I just wanted some  
12 clarification. So it seemed like, you know,  
13 during the time that I was ANC, that they were  
14 trying to surplus at that time a lot of schools,  
15 and it seemed like surplus was the first stage of  
16 a development because I've been through this  
17 process before, and then once that goes out, then  
18 our proposal or RFP goes out second.

19 It seems like the major, I'm guessing,  
20 it seems like the mayor maybe turned the  
21 situation around because normally you do surplus,  
22 you get a lot of people from a lot of the

1 community to come out against surplus, period.  
2 So you can't go through the development stage if  
3 you can't do the surplus.

4 So I'm saying it seems, like this lady  
5 was saying, that it seems like something is wrong  
6 here. Now, you can be for a proposal, but it  
7 might not be for a surplus, and it seems like as  
8 an ANC commissioner being around here for a long  
9 time, something went different this time because  
10 a surplus brings people from everywhere and  
11 they're against everything, and you can't even go  
12 to the development stage because the surplus is  
13 very important, so I want to know where we are  
14 with that.

15 PARTICIPANT: Can you clarify what you  
16 said? I thought you said that the surplus and  
17 the proposal --

18 MR. STUCKER: Disposition?

19 PARTICIPANT: Yeah, would be  
20 entertained at the same time?

21 MR. STUCKER: Yes, that is correct.

22 MR. JACKSON: What you said may be

1 correct to you, but that's not the process it  
2 should be. I need an answer to my question.

3 MR. STUCKER: Okay, and the question?

4 MR. JACKSON: The question was it  
5 seems like as the lady indicated, something went  
6 wrong. It seems like the surplus is the first  
7 stage, and then the proposal and development is  
8 the second stage. As far as I know, as far as  
9 any other ANC or council member, that's the  
10 stage. And you can be for the proposal, but you  
11 might not be for the surplus.

12 MR. STUCKER: Sure.

13 MR. JACKSON: And how did it turn  
14 around?

15 MR. STUCKER: Sometimes it happens in  
16 this order, and that's no different than other  
17 proposals. Sometimes the surplus is second.  
18 Sometimes it's first. But before we can go to  
19 council to request the authority to surplus a  
20 property and dispose of it, we have to have the  
21 surplus meeting and also go to council with the  
22 team that we want to select.

1 MS. McCOY: I have a question about  
2 what the disposition means. Does that mean it  
3 will be ground leased or is title actually  
4 changing to private ownership?

5 MR. STUCKER: Either case, it could be  
6 either ground leased or sold.

7 MS. McCOY: And if it's ground leased,  
8 could you put provisions in the ground lease  
9 saying, you know, part of it has to be for, you  
10 know, community use, like open space, like the  
11 whole, you know, square footage can't be, you  
12 know, developed, or, you know, hiring rules or  
13 anything that?

14 MR. STUCKER: There are conditions on  
15 any development we have. There are District laws  
16 that require first source, CV, many other laws,  
17 and all of our disposition agreements and  
18 affordable housing requirements for example, are  
19 all part of our dispositions.

20 MS. McCOY: So this is just like a  
21 green light on developing or not?

22 MR. STUCKER: This meeting tonight is

1 about the surplus. It's not about the  
2 development plan.

3 MS. McCOY: The development can't  
4 happen without the surplus?

5 MR. STUCKER: Correct.

6 PARTICIPANT: Exactly, okay.

7 MR. STUCKER: Correct.

8 MR. HAKEEM: So I was reading through  
9 the way they do the surplus --

10 PARTICIPANT: I'm sorry, I can't hear.

11 MR. HAKEEM: Just a couple of quick  
12 questions, so you guys take from this meeting our  
13 comments and you make a recommendation as toward  
14 the surplus that goes into a draft or provision  
15 to go to council, is that correct?

16 MR. STUCKER: Yes.

17 MR. HAKEEM: Okay, and so given that  
18 you already initiated -- I think this is an  
19 iteration of the other questions that people have  
20 asked. Given that you've already initiated an  
21 RFP process, are your recommendations going to  
22 differ than what you've already initiated given



1 that you are a proponent of this site being  
2 surplusd, and that you, you know, obviously went  
3 through the process and selected a developer?

4 MR. STUCKER: So we take all of the  
5 comments tonight and provide them to the  
6 executive office up to the mayor so they are  
7 aware of the comments that are proposed tonight,  
8 and the Executive Office of the Mayor decides how  
9 to move forward. Yes, sir?

10 MR. LEUNG-ARELLANO: Okay, so I'm  
11 confused. I'm confused about this. So even if  
12 we -- so these ideas are going to go to the  
13 executive, I believe, right?

14 MR. STUCKER: The comments from  
15 tonight will go the executive, correct. They  
16 will be transcribed. The transcriber here  
17 tonight will bring them all into a paper format,  
18 correct.

19 MR. LEUNG-ARELLANO: And there's a  
20 pretty good chance of it being, this land being  
21 surplusd, right?

22 MR. STUCKER: We take the comments

1           tonight and we make our recommendation.

2                   MR. LEUNG-ARELLANO:   Okay, so even if  
3           this land does get surplusd, will the town or at  
4           least the people who want to go, will they be  
5           involved in the discussion of who this land is  
6           going to be sold to?

7                   MR. STUCKER:   There will be many  
8           discussions going forward, yes.   There will be a  
9           discussion before the council.   There will be  
10          discussions if there is a zoning commission case,  
11          for example, for a PUD.   There is a process there  
12          of a comment.   There's a comment period for the  
13          developers to come as the normal development  
14          process moves forward with community meetings.  
15          There will be many comment periods.

16                   MR. LEUNG-ARELLANO:   Okay, thank you.

17                   MS. LEWIS:   Thank you.   My big concern  
18          again is the fact that I want to know how -- what  
19          percentage of the comments from this meeting is  
20          going to throw weight into the decision made by  
21          the council?

22                   Because if the comments from a bulk of

1 people who in the room aren't residents, and the  
2 residents over a year ago selected a development  
3 plan that they were comfortable with that they  
4 wanted.

5 It would be very disheartening that  
6 that whole process is thrown out because of new  
7 information here, whereas this meeting is just a  
8 formality to get to what the community actually  
9 said they wanted.

10 PARTICIPANT: Good afternoon, I just  
11 wanted to give my insight. I am not an actual  
12 resident of Ivy City. However, I am a resident  
13 of Ward 5, and I do community development and  
14 youth development in this area.

15 I hear everyone's concern for this  
16 being surplusd, and I understand why it can be  
17 confusing because individuals are communicating  
18 what comes first and what comes second.

19 Ultimately, what I am hearing is that  
20 this meeting and what is being heard in this  
21 meeting is ultimately going to make an effect of  
22 what the dispositions may have for creating

1 different solutions, or I can say standards for  
2 the development of the property.

3           So instead of us not taking advantage  
4 of voicing things that you would like to be  
5 developed in this area and being able to have  
6 that heard will then take away from the  
7 opportunity to then see those things come to  
8 fruition. Whether it's first, last, second,  
9 third, this is the time for us to communicate  
10 what are some of the developments that we would  
11 like to see in this property?

12           If everyone is saying, "Hey, we want  
13 to see open space. We want to see community  
14 development," having this deemed surplus or being  
15 able to have it as a public/private  
16 collaboration, what we're able to communicate  
17 will ultimately help in the development of this  
18 property.

19           MS. TAYLOR: Just briefly, first of  
20 all, I disagree that we have to differentiate  
21 between voices of people who live here and voices  
22 of people who support the community. What's more

1 important to me is that all voices are heard and  
2 given equal weight. No one voice is any greater  
3 than anybody else's.

4 The other thing I wanted to say is  
5 that if indeed we are talking about surplusizing  
6 this property, and as you mentioned, these  
7 comments are going to go back and inform the  
8 decisions or the document that's presented to the  
9 council, this goes to my first point to Dion, and  
10 you may have been out of the room, which is why  
11 wasn't the community notified about this meeting?

12 Because it seems as though the  
13 comments and the community input from what you're  
14 saying regarding surplusizing this site are very  
15 important and that, you know, they need to be  
16 heard, and I don't feel as though the community  
17 has had the opportunity to know about this  
18 meeting and therefore to have their voice heard.

19 Regardless, you know, Dion, I think,  
20 clearly differentiated that this is about  
21 surplusizing and not about the RFP process.  
22 Regardless of what went first or what came

1 second, we're right here at this point of  
2 surplusing, and my comment is that I don't  
3 believe the community has had adequate notice to  
4 be able to effectively voice their concerns  
5 either for surplusing or against surplusing.

6 MR. ALVAREZ: My name is Nando  
7 Alvarez. I just want to say that this process  
8 seems designed in a way that disengages people  
9 from the community to, like, just be aware of  
10 what is happening. Even the people who are  
11 following this, like, step by step, it's still  
12 confusing. So people who cannot be here cannot  
13 be, like, step by step close to what all is  
14 happening. It's almost impossible that they have  
15 a clear idea of what is going on.

16 Last year, I had the chance to work  
17 with Empower DC and a group of youth from the  
18 neighborhood in an art project, and what was very  
19 clear then was that this community and this  
20 neighborhood needs places where the youth can  
21 pursue their interests where they can be safe and  
22 they have the resources to do that.

1           So I just want to say that I'm against  
2 the surplus designation because when it's put for  
3 sale, we know that it's just going to be for who  
4 has the money to buy it, and not for the  
5 community.

6           MR. TOWNLEY: I just want to say for  
7 the record -- we're going to continue the comment  
8 period. I just want to say for the record that  
9 we will be receiving written comments up through  
10 July 21. If you need my contact information, I  
11 have a bunch of cards. I just want to say for  
12 the record that the comment period, the written  
13 comment period will be open until Friday, July  
14 21.

15           MR. SCHOTT: Thank you. First, I have  
16 a question. So to clarify, is it possible for  
17 this land to be reused for a recreation center or  
18 for green space if it's not put up for surplus,  
19 or does that only happen after surplus and  
20 then after that second stage as well?

21           MR. STUCKER: There's two steps. The  
22 surplus allows for the government to see it

1 has the authority to dispose of the property, or  
2 sorry, to declare it as surplus. The use,  
3 whether it be green space or housing, whatever  
4 that use is, is different than who actually will  
5 be owning the property.

6 MR. SCHOTT: So if one wanted to,  
7 like, reuse the space for green space, it would  
8 not be surplus?

9 MR. STUCKER: It could be either.

10 MR. SCHOTT: It could be either?

11 MR. STUCKER: Yeah.

12 MR. SCHOTT: I guess then my comment  
13 is, so my name is Austin Schott and I'm a member  
14 of SURJ DC which supports Empower DC, and I and  
15 the organization I'm a part of support using this  
16 site as a green space and rec center eventually.  
17 I think it's clear that this community wishes to  
18 use this site in this manner, and I believe it's  
19 vital that the community has the direction or  
20 determines the direction of this site.

21 There's a vibrant culture in Ivy City  
22 and the community members clearly have a



1 direction for the neighborhood, so I want to  
2 throw my support in for the community, and I ask  
3 the District to consider their request, and I  
4 believe it would be an injustice to review the  
5 record of today's briefing and then decide to go  
6 in the opposite direction. Thank you.

7 MR. TOWNLEY: Thank you.

8 MS. BANKS: My name is Mildred Banks.  
9 This is my church. I've been in this community  
10 since 1999. We have had several meetings, right,  
11 about Crummell School, and we haven't gotten  
12 anywhere with it, several meetings, but what  
13 needs to be done is getting together with each  
14 other.

15 If one gets this flyer that we'll have  
16 another meeting, Xerox them and pass them out.  
17 My pastor's been working in this community since  
18 1999. He's been here for 20 years. Half of the  
19 people do not come out, right? You've been in  
20 here to pass out flyers. They don't come out.  
21 You knock on their door, they don't come out.

22 The ones in the community need to pull

1 together and help each other. I know Mr. George  
2 over there. He's been speaking too. That's what  
3 we need to do in this community. It has gotten  
4 better. And like I said about that school, the  
5 community needs to work. It's historical. We  
6 need classrooms, a library, and playgrounds in  
7 there, and let us work together. I live in Ward  
8 4. I don't work in Ward 4. I work in Ward 5.

9 We're getting ready to do a community  
10 day. I have flyers here that I brought, so  
11 everyone can help and come out. We feed the  
12 shelter at Thanksgiving. That's what my pastor  
13 is about.

14 So let us work together and not so  
15 much fussing about what Dion didn't do. Somebody  
16 got their flyers 30 days ago. If you got one,  
17 Xerox them and pass them out and let us come  
18 together.

19 I'm not on nobody's side. I'm on  
20 God's side and I know what it takes. When I  
21 first came up here, they walked the streets all  
22 day. They didn't have anything to do. But that

1 will help us. That will help us. So you take it  
2 to whoever you're supposed to take it to and let  
3 us pray and hope that something will happen.

4 MR. TOWNLEY: Thank you, Ms. Banks.

5 MS. JAMES-RENAUD: Hi, my name is  
6 Lindsey James-Renaud. I am a resident of Kingman  
7 Park, a little bit further southeast. I'm not a  
8 resident of this community, but I speak as a D.C.  
9 resident that the city needs to stop giving away  
10 public land everywhere. The city needs to stop  
11 surplusing and giving away public land.

12 And in addition, I am a mom of two  
13 kids and we have a recreation center near our  
14 house, and it is just wonderful to go there, to  
15 take my kids there to play there, the playground.  
16 There's a pool. It's just a wonderful space for  
17 the kids, and I feel like every child in this  
18 city deserves to have a recreation center within  
19 walking distance where they do not have to cross  
20 a busy road, and from what I can tell, that does  
21 not exist in Ivy City.

22 And again, I'm not a resident of Ivy

1 City, but as someone who is a resident nearby and  
2 knows the value of a recreation center, I  
3 strongly support Ivy City's need for a recreation  
4 center and oppose D.C. giving away any more  
5 public land anywhere.

6 MR. TOWNLEY: Thank you.

7 MR. JACKSON: Yeah, I don't really  
8 have a question. I just want to know for our  
9 organization, you said five days -- I'm sorry.  
10 You said you'd give five days for public  
11 comments?

12 MR. TOWNLEY: For written comments.

13 MR. JACKSON: For written comments.  
14 What about if you're part of an organization? Is  
15 that still five days or ten days? Is there more  
16 days for an organization?

17 MR. TOWNLEY: No, the deadline is for  
18 everybody.

19 MR. JACKSON: There's a deadline for  
20 everybody five days from now. No compromise, ten  
21 days? I want to compromise. Somebody said we  
22 need to compromise. Guess what?

1 MS. LEWIS: If it in Ivy City, it  
2 would be a little bit different, but it's like  
3 trying to get a whole bunch of boards across  
4 town. You know, my whole concern with this whole  
5 process is all last year and the year before, the  
6 community met numerous times. I'm going to say  
7 at least four times.

8 At the auditorium, one event had over  
9 150 people and we shared what we, Ivy City,  
10 wanted. So I don't want to get all this extra  
11 opinion from outsiders to take away from what the  
12 residents have said they want. It has always  
13 been recreation, job training, and affordable  
14 housing.

15 It's key pieces that the neighborhood  
16 has said and the proposal was put out. One was  
17 selected that included those items. So the goal  
18 is to move towards what the residents want. If  
19 that means surplusung the land, then fine. If  
20 that means not surplusung the land, fine, but not  
21 a new development plan.

22 MR. JACKSON: So can we get ten days

1 for an organization?

2 MS. LEWIS: No.

3 MR. JACKSON: Yeah, you said for  
4 written comments.

5 MR. STUCKER: The written comment  
6 period is for five days. It was in our public  
7 notice. Everyone has a five-days period.

8 MS. LEWIS: I wanted to just throw  
9 this last part out, that while the property is  
10 being developed by whomever, there are things  
11 that the community can do right now to prepare  
12 ourselves or yourselves for whoever comes over  
13 there.

14 The city is conducting or has spoken  
15 -- they're accepting proposals for different  
16 projects, so have entrepreneurs in the  
17 neighborhood who can come together and submit  
18 proposals for their businesses to be here on this  
19 property, continued education. I'm just adding  
20 things.

21 Since we know people are coming in and  
22 they're doing whatever, workforce development.

1 They have a framework towards development  
2 programs that we can get ready for now so whoever  
3 comes in there will be employable, and if we hold  
4 the new developers to that, then Ivy City  
5 residents will have first select.

6 And I'm saying that now with the  
7 microphone in my hand that Ivy City residents  
8 have first selections for employment and for the  
9 job readiness programs. So while we're waiting  
10 for that to happen, right now we can educate  
11 ourselves to be ready to learn, and for the  
12 entrepreneurs to be able to put some of their new  
13 businesses in that new property.

14 So while we're waiting for that stuff  
15 to be developed, we can get ready for jobs. We  
16 can get ready for entrepreneurs to be able to put  
17 their businesses at that property. That's it.

18 MR. TOWNLEY: Thank you.

19 MS. COCILOVA: Hi, my name is Caitlin  
20 Cocilova. I just have a quick question as to the  
21 process again. So I know previously, there were  
22 three proposals submitted, and there was one that

1 was voted on.

2 During that process, was this process  
3 explained at all in terms of how the surplus  
4 would have to come before the decision? The  
5 proposal would have to come before any of that  
6 stuff could happen?

7 MR. TOWNLEY: We gave a review in our  
8 first public workshop. It's the meeting that  
9 Commissioner Lewis mentioned was over 130 people,  
10 and so we had a full overview of what the surplus  
11 and disposition process is essentially.

12 MS. COCILOVA: Okay, was that repeated  
13 at all? Because I know a lot of times in those  
14 meetings, there's a lot of information coming at  
15 people, and it's really hard to digest how these  
16 processes work, and it seems very clear from the  
17 questions that have been posed at this meeting  
18 that it hasn't been clear to people.

19 MR. TOWNLEY: The presentation is  
20 actually available online at the Crummell  
21 School's website on DMPED's page for the Crummell  
22 School development.



1 MS. COCILOVA: Okay, and I'd also just  
2 like to say that I second what a lot of people  
3 have said. I don't approve of the District just  
4 giving away public land. It's very clear that  
5 it's just caused people to be displaced from the  
6 city in numerous neighborhoods.

7 In Ward 5 alone, there's multiple  
8 developments that are occurring that are causing  
9 specifically low-income black communities to just  
10 be pushed out of their neighborhoods, so I would  
11 just say that I'm against the surplus as well.

12 MR. TOWNLEY: Okay, could you state  
13 your name for the record, please?

14 MS. COCILOVA: Yes, Caitlin Cocilova.

15 MR. TOWNLEY: Thanks.

16 MS. TAYLOR: Dion, we were at all of  
17 those meetings, and I'm sorry, the whole surplus  
18 thing, process, was not part of any presentation.  
19 And I know about the hundred and something people  
20 that showed up because Theresa and her crew from  
21 Empower DC, as well as I, we walked and fliered  
22 the neighborhood, so we were very vital in

1 getting that hundred plus people in there, and I  
2 don't recall any discussing about surplus or  
3 this, you know, outlining the process in this  
4 way. And I'm not trying to pick on you, but I'm  
5 just, you know, trying to correct the record.  
6 That's all.

7 MR. TOWNLEY: Okay, we gave an  
8 overview or our next steps, rather, during the  
9 RFP process, but as I reiterated time and time  
10 again, the development program and this surplus  
11 meeting, we wanted to focus the surplus meeting  
12 on the surplus of the area around the school.

13 MR. SCHOTT: Sorry, I just have  
14 another question. So it sounds like there was a  
15 development that was selected at a previous  
16 meeting. Could I just get a review of what that  
17 development includes and a description of that  
18 development?

19 MS. LEWIS: The recreation comes  
20 inside of the building. It will --

21 MR. STUCKER: So tonight, we are not  
22 talking about the developments themselves. We

1 are talking about the surplusing of the property.

2 MR. TOWNLEY: We'll take one more  
3 question. We were actually supposed to conclude  
4 the meeting at 8:00 p.m.

5 MS. NOROUZI: Can we take two more  
6 questions?

7 MR. TOWNLEY: Yes.

8 MS. NOROUZI: Okay, thank you. Just  
9 real briefly, you mentioned your proposal was to  
10 retain ownership of the school building. What is  
11 the land area around the school building that  
12 would be included in the area that the District  
13 would retain?

14 MR. STUCKER: Right now, the yellow  
15 would be the land that we would be surplusing.

16 MS. NOROUZI: So you wouldn't even  
17 have a perimeter around the school for green  
18 space, that it would just be the building?

19 MR. STUCKER: So as I mentioned to the  
20 other gentleman, there's two different elements.  
21 There's a question of what is being surplusd and  
22 ultimately disposed of, and second is what use

1 those areas have. So in many partnerships, the  
2 public land that's disposed of does include  
3 substantial green space, so really there's two  
4 different elements completely.

5 MS. TYRENEE-NEAL: So the proposal  
6 right now, what's around in yellow, that's what's  
7 proposed to be the surplus?

8 MR. STUCKER: Tonight we're asking for  
9 comments for surplus of the land around the  
10 school, correct.

11 MS. TYRENEE-NEAL: If it's surplus, does that mean that the city would not be able to  
12 or would not be required to put any, like, a  
13 playground or rec center, that the city would own  
14 or control? Is that what that means?

15 MR. STUCKER: So for any -- as a  
16 general notion, as I said, we're talking about  
17 surplus, but I'll talk generally to answer your  
18 question. In any development that the District  
19 disposes of property through the Deputy Mayor's  
20 office, we put conditions on the property. We  
21 require an amount of affordable housing, for  
22

1 example. We require an amount of green space.  
2 We require an amount of housing units, for  
3 example.

4 Any specific elements that are  
5 important to the community from the RFP, those go  
6 into the development proposals and we have  
7 covenants on the property that require those  
8 long-term uses be maintained.

9 MS. TYRENEE-NEAL: Okay, thank you.

10 MR. STUCKER: Thank you, everyone, for  
11 your comments tonight. I appreciate it.

12 MR. TOWNLEY: With that, I would like  
13 to conclude the record. Thanks, everyone, for  
14 coming out today. Again, I have cards on me if  
15 you need to reach me and/or submit written  
16 comments. Thank you.

17 (Whereupon, the above-entitled matter  
18 went off the record at 8:14 p.m.)  
19  
20  
21  
22

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C E R T I F I C A T E

This is to certify that the foregoing transcript

In the matter of: Surplus Meeting

Before: DC DMPED

Date: 07-17-17

Place: Washington, DC

was duly recorded and accurately transcribed under  
my direction; further, that said transcript is a  
true and accurate record of the proceedings.

*Neal R Gross*

-----  
Court Reporter

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

**DISPOSITION ANALYSIS**  
**IN SUPPORT OF DISPOSITION OF REAL PROPERTY**

**Project Name:** Crummell School Site  
**Property Description:** 1900 Gallaudet Street, N.E.  
Parcel 0142, Lot 0022 (the “Property”)  
**Size of Property:** 108,029 square foot lot  
**Zoning of Property:** PDR-1  
**Ward:** Ward 5  
**Proposed Ground Lessee:** Ivy City Partners  
(the “Ground Lessee” or the “Developer”)

**General Description of Development Program:**

The Crummell School Site is located at 1900 Gallaudet Street, N.E., Washington, DC, in Ward 5 and identified for taxation and assessment purposes as Lot 0022 in Parcel 0142 (“Site”). The Site consists of a trapezoidal-shaped lot of 108,029 square feet in total land area, atop which sits the approximately 20,000 square foot historic Crummell School building. The property to be disposed of is the Site less and excepting the historic Crummell School building (“Property”).

The proposed development plan on the Site is a mixed-use development and the restoration of the historic Crummell School building. The property surrounding the historic Crummell School building will be redeveloped to include approximately 375 residential units; open space adjacent to the Crummell School for community uses; approximately 50,000 square feet of industrial and retail and retail-associated uses, comprising approximately 40,000 square feet of below-grade industrial space and 10,000 square feet of street-level retail space; and two levels of below grade parking. The developer shall also renovate the historic Crummell School building for community serving uses, which will be retained by the District.

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

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

**2. Description of efforts to dispose of Property for a use with a direct public benefit as described in a specific government plan adopted by the Mayor or Council, including the Community Development Plan, the Comprehensive Plan, the Strategic Neighborhood Area Plan, or the Comprehensive Housing Strategy Plan. DC Official Code § 10-801(a-2).**

***a. Public Benefits Requested in Solicitation***

Attainment of District Policy Goals. The District is committed to maximizing community benefits for its residents. The District rated highly responses that will



maximize economic development value to the District, improve the quality of life for the surrounding community, and advance opportunities for local residents and businesses.

Higher ratings were given to responses that will maximize the overall economic development benefit to the District through land value proceeds (paid by Respondent to the District) and incremental property and sales taxes; maximizing community benefits such as affordable housing, cultural and neighborhood-serving amenities, and job creation District residents; providing detailed apprenticeship programs to facilitate placing District residents into employment opportunities within the Project; and providing District businesses with opportunities to participate in the Project.

Development Vision. Teams were asked to provide responses that included innovative, market-viable ideas for redevelopment. The District encouraged respondents to consider the District's goals with respect to promoting vibrant, walkable, mixed-use neighborhoods and commercial corridors. The solicitation provided for higher ratings for respondents that included the following elements:

- comprehensively addressed stakeholder concerns and requirements;
- redeveloped the historic Crummell School building to be repurposed for recreation and community uses or elements;
- activated the public space on the Site with outdoor active uses;
- provided mixed use development, including neighborhood serving retail use;
- provided job training or workforce development component for District residents;
- incorporated designs that include a cultural or historical reference to Alexander Crummell and the Ivy City Neighborhood;
- included retail space for local and emerging businesses and incubator space; demonstrated through entity experience and expertise of proposed key personnel that they are qualified to execute a high-quality project of this scale;
- provided evidence of sufficient organizational and financial capability to ensure on budget and timely delivery of the Project; and
- improve the quality of life for the surrounding neighborhood by incorporating the District's goals with respect to promoting vibrant, walkable, mixed-use neighborhoods and commercial corridors.

Project Financial Feasibility and Team's Financial Capacity. The District also provided higher ratings for responses that satisfied the following criteria:

- demonstrated that they possess the financial resources to execute the project requirements with no District-based subsidy;
- provided funding plans, including sources and uses tables and multi-year pro-forma development budgets;
- displayed a willingness to provide the District with fair consideration for its real property assets;
- demonstrated significant investments of "at risk" capital during the pre-development and development process;
- and exhibited a willingness to provide the District with a meaningful guarantee regarding payment and performance through final project completion.

***b. Public Benefits in proposed Developer's Development Plan.***

The development plan proposes the restoration of the historic Crummell School building, which is the heart and soul of the Ivy City community to once again serve as a community centerpiece. The renovation will include restoring the exterior and interior to Historic Preservation standards while also providing for modern systems and flexibility throughout the building. Furthermore, DMPED, in coordination with relevant District Agencies, and the Development team will solicit feedback from the community regarding the future uses of the historic Crummell School building. The development team will provide an allowance permitting the interior of the building to be "tailored" to fit the uses determined by the community and the District. The community has initially identified job training and workforce development as well as community meeting rooms and an educational and vocational center as priorities for the recreation and community uses of the historic Crummell School building.

The open space adjacent to the Crummell School for will be dedicated to community uses, such as a splash park/play area and/or passive areas or community garden.

Attainment of District Policy Goals

Teams were asked to maximize District policy goals at part of the RFP. All of the proposals fell within a competitive range; however, the Ivy City Partners' team provided the most value to the District through a comprehensive offer that included the rehabilitation of the historic Crummell School building to provide neighborhood-serving community amenities.

The development will provide an extensive mixed-use development and public-private partnership experience, in combination with a local District business to deliver the priorities of the community, and advance the objectives of the District.

The proposed development incorporates a significant industrial and retail component of approximately 50,000 square feet. This will include a state-of-the-art industrial space building, providing approximately 40,000 square feet of new space to a local District business, and providing approximately 10,000 square feet of ground floor retail space. The District business slated to occupy the industrial space currently employs 110 persons in Ivy City. Their new home in the industrial space in the development plan will allow the business to add 50 employees.

The development will include a residential building that will respect the design of the historic Crummell School building and the industrial history of the area. The bulk of the residential development will be on the northern portion of the site with two levels below ground and 5 levels above ground. The Development team has agreed to 30% of the approximately 375 residential units as affordable, exceeding the affordable housing requirement for this Property under D.C. Code § 10-801 *et seq.* This Site is one of the few in the District that only requires 20% of residential units be affordable because it is neither: (i) within ½ mile of a Metrorail station that is in operation or for which a construction contract has been awarded on or before the date of the disposition; or (ii) Within ¼ mile of a Priority Corridor Network Metrobus Route, as designated by the Washington Area Metropolitan Transit Authority, located entirely or partially within the District of Columbia.

### Development Vision

The Development plan is centered around the renovation of the historic Crummell School building. The development will bring the historic Crummell School building back to life and restore it to its original 1910 condition, with community serving uses. Within the constraints of its historic nature, the building will be equipped with state of the art systems, equipment and construction methods wherever possible.

The public space around the historic Crummell School building will be programmed as community space for uses such as a splash park/play area and/or passive areas or community gardens.

The Property surrounding the historic Crummell School building will include a mixed-use development that borders Kendall, Okie and Gallaudet Streets NE. The residential development will provide approximately 375 residential units, including approximately 112 units of affordable housing. The commercial development will consist of more than 50,000 square feet of industrial and retail space. Potential users could include a restaurant, pharmacy, or hardware store among other local small business.

A critical design element will meet the request for head in/head out loading (a significant design and financial development in urban development) through a creative underground loading and unloading system. This will allow for a drastic decrease in noise and truck traffic for the community. The development plan requires

all trucks to enter the Property through Kendall Street and exit through Okie Street eliminating any traffic through the residential streets to the south. A potential design feature is to construct a smoke stack similar to historic structures in the District that will be both functional and will enhance the industrial design nature of the neighborhood.

#### Project Financial Feasibility and Team's Financial Capacity

Ivy City Partners, LLC will be provide a combination of debt and equity to fund the estimated \$130,715,116 in total development costs for the Site.

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

Currently, the Site consists of the vacant historic Crummell School building and remains unutilized, notwithstanding the existing license agreement with the Union Station Redevelopment Corporation. The Property is in the center of the Ivy City neighborhood and the deteriorating historic Crummell School building is in desperate need of repair. The proposed development of the Property and renovation of the historic Crummell School building will once again allow public access into the historic building and surrounding open space, which is a treasured asset of the community and the District. In addition to the redevelopment of the historic Crummell School building, the proposed development will benefit the public by activating a core area of the Ivy City community.

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

The Office of the Deputy Mayor for Planning and Economic Development ("DMPED") conducted a Request for Proposals (RFP) process to select a team that is capable of (a) conducting or overseeing the rehabilitation work needed at the historic Crummell School building and (b) redeveloping the surrounding Property. The RFP was posted on DMPED's website. DMPED also sent e-mail notifications regarding the issuance of the RFP to potentially interested parties.

The RFP process engaged the broadest possible cross-section of respondents experienced and capable of creating unique urban-infill environments. An outline of the solicitation process is below:

#### Request for Proposals (RFP)

- RFP Released: April 25, 2016
- Proposal Submission Due Date – June 24, 2016 (3 responses received)
- Community Presentation by Respondent Teams – September 22, 2016
- DMPED Selection– November 1, 2016

The potential disposition of the Property has been discussed with the public for over two years. In 2016, DMPED issued an RFP for a development team to redevelop the Site. The three respondent teams presented a summary of their proposals to ANC 5D on October 11, 2016. In a letter of support issued on October 18, 2016, ANC 5D requested that DMPED include in its selection process the consideration of the following: “In summary, the community would like the government to select a development project that will prioritize the needs of the community via a hub that residents can enjoy. More specifically, the community is requesting that the building known as the Crummell School is left available for use by all residents and not turned into space to be used by only some segments of the community.”

Upon an intensive review of the proposals and in consideration of the requested criteria from ANC 5D, DMPED selected Ivy City Partners, LLC to exclusively negotiate for the disposition and development of the Property.

- 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 Code § 10-801(b-1)(1)(B).**

An independent appraisal was completed in October 2017 by Integra Realty Resources of Washington, D.C. They concluded that the as-is market value of the District-owned property with First Source and CBE requirements as encumbrances to the property, but without the proposed development program, equates to \$11,273,335. This value assumes that the project is built per by-right zoning as self-storage or industrial use as the highest and best uses.

Out of the three proposals submitted in response to the RFP, the only team to provide a renovated Crummell School building back to the District was Ivy City Partners, LLC. The development budget anticipates that the total renovation cost for the Crummell School building would be approximately \$14,000,000 if the work was performed today, which is the cost assumed in the appraisal. Ivy City Partners, LLC has estimated in its budget that the cost will be approximately \$15,757,123 given that this work will occur in the future. With Ivy City Partners, LLC’s proposed development program, including the cost of renovating the historic Crummell School building, the appraisal provides that the nominal value is \$1, with a residual value of negative \$7,600,000.

Ivy City Partners, LLC’s development and operations program will provide for a nominal payment for a long-term ground lease. Given the high cost to rehabilitate the building, a sizeable ground lease payment was not anticipated. However, by disposing of the Property for a mixed-use development that includes residential, community and new retail uses, the project will generate sales and payroll tax revenue. As part of DMPED’s evaluation of Ivy City Partners, LLC’s proposal, DMPED took into consideration the over 155 number of jobs anticipated to be created through the redevelopment of the Site.

- 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).**

A long-term ground lease is the only viable option for the Property because the District has an interest in maintaining ownership of its assets. The District is maintaining ownership of the historic Crummell School building.

In return for entering a nominal ground lease, the Developer will fully rehabilitate the Crummell School building for public uses for either \$15,750,000 or in accordance with the Scope of Work as required by the LDA. The return on investment includes not only the restoration of the building but also the activation of the historic Crummell School building as a community resource and the redevelopment of the Property. The redevelopment will foster economic development, including jobs and job training in the Ivy City community.

- 6. A pre-disposition economic impact statement in the form of a quantitative analysis that estimates the economic benefits, including revenues, tax receipts, and job creation, that will result from the disposition, including the anticipated benefits of any development project to be undertaken at the property and any offsite property, including direct, indirect, or induced outcomes (DC Official Code § 10-801(b-1)(1)(D))**

A pre-disposition economic impact statement in the form of a quantitative analysis that estimates the economic benefits, including revenues, tax receipts, and job creation, that will result from the disposition, including the anticipated benefits of any development project to be undertaken at the property and any offsite property, including direct, indirect, or induced outcomes was performed which resulted in the following:

- The project is anticipated to generate approximately \$2,664,323 in construction period tax revenues.
- The project is anticipated to generate approximately \$73,000,000 in permanent tax revenues over 30 years.
- Over 486 temporary jobs are anticipated to be created through the construction.
- Over 155 jobs are anticipated to be created by the project.

The development program will repurpose the vacant Site with community serving uses, retail and affordable housing. The renovated historic Crummell School building will provide community serving programing, including job training and community space.

- 7. An itemization of any government assistance to be received, or contemplated to be received, by the purchaser or lessee under the disposition, including any discount on the price or rent, grants, loans, tax credits, tax abatements, tax increment financing, affordable housing subsidies, land exchange, and negotiated contributions DC Official Code § 10-801(b-1)(4).**

Other than the negotiation of ground rent based on the Project development program and affordable housing to be provided, which is described in more detail above, no additional government assistance is to be provided to Developer for development of the Project. Notwithstanding this statement, the Developer is not precluded from seeking available affordable housing financing from programs such as Housing Production Trust Fund (HPTF).

**TERM SHEET**

**Crummell School Site**

<b>Date</b>	October 17, 2017
<b>Seller (Landlord)</b>	District of Columbia (the "District"), acting by and through the Office of the Deputy Mayor for Planning and Economic Development ("DMPED").
<b>Buyer (Tenant)</b>	Ivy City Partners, LLC and its successors, assigns, or affiliates (the "Developer"), as approved by DMPED or permitted under the LDA (defined below).
<b>Property</b>	The real property located at 1900 Gallaudet Street, N.E., known for tax and assessment purposes as Lot 0022 in Parcel 0142 (the "Property"). The Property excludes the historic Crummell School building and adjacent property ("Crummell School Property"), which will be retained by the District.
<b>Land Disposition Agreement</b>	All of the terms and conditions of the ground lease of the Property will be governed by the terms of a Land Disposition Agreement ("LDA") by and between the District and the Developer.
<b>Method of Disposition</b>	The Property will be conveyed by ground lease with a term of 99 years by the District to the Developer pursuant to D.C. Official Code §10-801(b)(8)(c) ("Ground Lease").
<b>Consideration</b>	The annual ground rent shall be \$1 through the life of the Ground Lease. Additionally, the Developer shall fully renovate the Crummell School Property for public uses for either Fifteen Million Seven Hundred Fifty Thousand Dollars (\$15,750,000.00) or in accordance with the Scope of Work as required under the LDA.
<b>The Project</b>	Renovation of the Crummell School Property and new construction that shall include public space, commercial/industrial, retail, and residential uses, together with parking for the project.
<b>Affordable Housing</b>	30% of the residential units within the Property shall be affordable according to D.C. Official Code §10-801.
<b>Conditions of Closing</b>	The District's obligation to ground lease the Property to the Developer and proceed to closing shall be subject to the conditions to closing set forth in the LDA.
<b>Green Building Requirements</b>	The Developer shall construct the project in compliance with the Green Building Act of 2006, D.C. Official Code §§ 6-1451.01 <i>et seq.</i> , as amended, and the regulations promulgated therewith. Notwithstanding the foregoing, such requirement shall not apply to the Crummell School Property portion of the project.
<b>Schedule of Performance</b>	The following contains terms of the Schedule of Performance with estimated dates, which may be amended and extended with the approval of DMPED in accordance with the terms of the LDA: <ul style="list-style-type: none"> <li>• Execution of the LDA – within 60 days after Council approval</li> </ul>



COUNCIL SUBMISSION EXECUTION COPY 101717

	<p>and final enactment of the disposition.</p> <ul style="list-style-type: none"> <li>• Outside Closing Date – expiration of the District’s disposition authority under the Act.</li> <li>• Commencement of Construction – 60 days after closing</li> <li>• Substantial Completion – 36 months from Commencement of Construction</li> <li>• Final Completion – 5 months from Substantial Completion</li> </ul>
<p><b>Post-Closing Requirements</b></p>	<ul style="list-style-type: none"> <li>• As required under the LDA, the Developer shall execute at closing the Construction and Use Covenant and Affordable Housing Covenant and shall be bound to comply with the requirements of the same for the applicable durations identified therein.</li> <li>• As required under the LDA, the Developer shall deliver to the District at closing a Development and Completion Guaranty executed by a guarantor approved by DMPED as set forth in the LDA.</li> </ul>
<p><b>Certified Business Enterprise</b></p>	<p>The Developer shall execute a SBE Subcontracting, and Equity and Development Participation, Statutory Requirements Acknowledgement Form in which the Developer acknowledges and agrees to be bound to the Certified Business Enterprise contracting, equity and development requirements applicable to the project.</p>
<p><b>First Source Requirements</b></p>	<p>The Developer shall enter into a First Source Agreement with the Department of Employment Services that shall govern obligations of the Developer pursuant to D.C. Official Code §§ 2-219.03, <i>et seq.</i>, and Mayor’s Order 83-265 (November 9, 1983) regarding job creation and employment generated as a result of the construction of the project.</p>

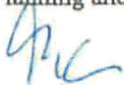
**INTENTION AND LIMITATIONS OF THIS TERM SHEET**

1. The Developer and DMPED acknowledge that they have prepared and signed this Term Sheet for the sole purpose of obtaining the approval of the Council of the District of Columbia (the "Council") to the proposed transaction. The Developer acknowledges that DMPED's negotiation of the LDA and the preparation of this Term Sheet, DMPED's signature on this Term Sheet, and submission of this Term Sheet and supporting documents to the Council shall not bind the District to execute the LDA or to convey the Property to the Developer. The Developer further acknowledges that, notwithstanding Council authorizing the conveyance of the Property, the District has no obligation to do so absent the District and the Developer duly executing the LDA and the satisfaction of the conditions contained therein. In the event DMPED or the Mayor determine, in their sole and absolute discretion, to withhold submission of this Term Sheet and supporting documents to the Council or to otherwise decline to secure Council authorization for the conveyance, DMPED may terminate negotiations with the Developer and the District shall not be responsible for the Developer's costs and expenses incurred in relation to the Property or the Project.
2. The Developer acknowledges that all approvals required of the Council will be granted or withheld in the sole and absolute discretion of the Council and that, absent Council approval of the proposed transaction, DMPED has no authority to convey the Property to the Developer. The Developer acknowledges that it is signing this Term Sheet prior to obtaining all necessary Council approvals. In the absence of such approvals and execution of the LDA, the Developer proceeds at its sole risk and expense with no recourse whatsoever against the District.
3. The Developer and DMPED agree that upon receipt of all necessary Council approvals, the Developer and DMPED intend to finalize and execute the LDA governing all of the terms and conditions of the conveyance of the Property.
4. Until the Developer and the District enter into the binding LDA, both the Developer and the District reserve the right to proceed with the proposed transaction in their sole and absolute discretion. Upon the execution of the LDA, the Developer and DMPED shall proceed in accordance with the terms of the LDA; provided, however, that the 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. Official Code §10-801(b-4).

**COUNCIL SUBMISSION EXECUTION COPY 101717**

The District and the Developer have caused this Term Sheet to be signed and acknowledged by their respective duly authorized representatives as of the date identified above.

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

BY:   
\_\_\_\_\_  
**Brian T. Kenner**  
**Deputy Mayor for Planning and Economic Development**

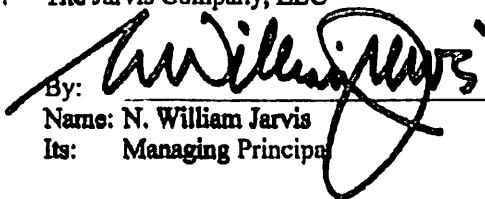
**IVY CITY PARTNERS, LLC**

By: **S/C Ivy City Partners LLC, a Delaware limited liability company**

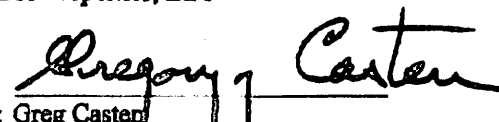
By:   
\_\_\_\_\_  
**Name: Douglas M. Firstenberg**  
**Its: Manager**

[Additional Signature Page  
Council Term Sheet]

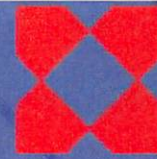
By: The Jarvis Company, LLC

By:   
Name: N. William Jarvis  
Its: Managing Principa

By: OceanPro Properties, LLC

By:   
Name: Greg Caster  
Its: Owner

# APPRAISAL REPORT



**Crummell School**  
1900 Gallaudet Street NE  
Washington, District of Columbia 20002

NKF Job No.: 741-2017-1002  
Client Reference: RFQ # DCEB-2017-Q-0021/PO569289

**Prepared On:**  
September 22, 2017

**Prepared For:**  
**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
1350 Pennsylvania Ave NW  
Washington, DC 20004

**Prepared By:**  
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Washington, DC 20002

**Newmark  
Knight Frank**



**Crummell School**  
1900 Gallaudet Street NE  
Washington; District of Columbia

October 16, 2017

Mr. Mark Corneal  
Office of the Deputy Mayor for Planning and Economic Development  
Government of the District of Columbia  
1350 Pennsylvania Ave NW  
Washington, DC 20004

SUBJECT: Market Value Appraisal  
Crummell School  
1900 Gallaudet Street NE  
Washington, DC 20002  
Client Reference: RFQ # DCEB-2017-Q-0021/PO569289  
NKF Valuation & Advisory File No. 741-2017-1002

Dear Mr. Corneal:

Newmark Knight Frank – Valuation & Advisory has prepared an appraisal of the market value of the referenced property presented in the following Appraisal Report.

The subject is a historic school building located in the Ivy City neighborhood of Washington, DC, situated on a 2.48 acre site. The site is currently zoned PDR-1 (industrial/commercial), but is proposed to be developed as a mixed-use property containing 375 apartment units and 53,000 square feet of commercial space (industrial and retail). The real property interest being valued is a proposed long-term leasehold interest in the entirety of the property, except the existing Crummell School building, which will be retained by the District of Columbia for public/non-revenue use. However, the terms of this leasehold interest would require that the leaseholder renovate the Crummell School for said use at their own expense.

The purpose of the appraisal is threefold. First, we develop an opinion of the market value "as is" of leasehold interest in the property, under current zoning. As requested, we also estimate the market value of the site under two different proposed development scenarios, both of which assume that the site's Comprehensive Plan designation will be changed and a Planned Unit Development approved in order to permit the development of the site as proposed (including residential use, which is prohibited under current zoning). These two development scenarios are evaluated under two different assumptions as to the proportion



of affordable dwelling units (ADUs) that will be required on the site: 20% of the residential units, and 30% of the residential units.

The client for the assignment is the Government of the District of Columbia, and the intended use is for evaluation of a proposed disposition of the property in the form of a long-term ground lease.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, applicable state appraisal regulations, and the appraisal guidelines of the Government of the District of Columbia.

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Newmark Knight Frank internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

As detailed in the accompanying report, our analysis indicates that in either the “as is” condition or under the 30% ADU development program, the obligations that would be associated with an acquisition of the leasehold interest result in a negative value indication, with feasibility shortfalls in these scenarios calculated at -\$3,400,000 and -\$7,600,000 respectively. Nonetheless, we have reported a market value opinion of \$1 (nominal consideration), as transfer of a real property interest requires that consideration be exchanged, and there is some possibility that a philanthropically motivated buyer may be willing to pay some nominal consideration to acquire the leasehold and take a loss (or below-market profit) on the actual development.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinions of value are as follows:







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### Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value "As Is" of Leasehold Interest	Leasehold	September 22, 2017	\$1 (Nominal)
Market Value Under 20% ADU Development Program	Leasehold	September 22, 2017	\$4,400,000
Market Value Under 30% ADU Development Program	Leasehold	September 22, 2017	\$1 (Nominal)

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### Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. All of our value opinions assume that the real property interest being evaluated would be conferred in the form of a long-term ground lease comprising the entirety of the site, except for the existing Crummell School building. Further, this appraisal assumes throughout that 1. the leaseholder would be responsible for renovating the Crummell School building for public use, at a cost not to exceed \$14 million, and 2. that the leasehold would have a term of 99 years, with all rent paid up front at commencement (i.e., a capitalized ground lease).
2. Our market value opinions under the 20% ADU Scenario and 30% ADU Scenario assume that these respective proposed development programs, including all necessary Comprehensive Plan amendments, Planned Unit Development approvals, and/or zoning map amendments, will ultimately be approved by the relevant governing bodies.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. The subject property has reportedly been leased/licensed to USRC (Union Station Redevelopment Corporation) for bus layover parking. The original lease commenced in 2012 for a base term of five years, with a five-year renewal option. It is our understanding that USRC has exercised this renewal option, extending the lease term to 2022. This appraisal operates under the hypothetical condition that this lease has been terminated.

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The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.





It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if Newmark Knight Frank Valuation & Advisory can be of further service, please contact us.

Respectfully submitted,

**Newmark Knight Frank**

A handwritten signature in blue ink that reads "Patrick C. Kerr".

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A handwritten signature in blue ink that reads "Samuel D. Sherwood".

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## Summary of Salient Facts and Conclusions

Property Name	Crummell School
Address	1900 Gallaudet Street NE Washington, District of Columbia 20002
Property Type	Mixed Use - School
Owner of Record	District of Columbia
Tax ID	PAR 01420022
Land Area	2.48 acres; 108,029 SF
Number of Residential Units Proposed	375
Gross Floor Area Proposed	410,510 SF
Commercial/Industrial Rentable Area Proposed	53,000 SF
Zoning Designation	PDR-1, Production, Distribution & Repair
Highest and Best Use - As if Vacant	Industrial/commercial use
Highest and Best Use - As Improved	N/a
Exposure Time; Marketing Period	6 to 12 months; 6 to 12 months
Date of the Report	October 16, 2017

### Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value "As Is" of Leasehold Interest	Leasehold	September 22, 2017	\$1 (Nominal)
Market Value Under 20% ADU Development Program	Leasehold	September 22, 2017	\$4,400,000
Market Value Under 30% ADU Development Program	Leasehold	September 22, 2017	\$1 (Nominal)

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than Government of the District of Columbia and Council of the District of Columbia may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

### Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. All of our value opinions assume that the real property interest being evaluated would be conferred in the form of a long-term ground lease comprising the entirety of the site, except for the existing Crummell School building. Further, this appraisal assumes throughout that 1. the leaseholder would be responsible for renovating the Crummell School building for public use, at a cost not to exceed \$14 million, and 2. that the leasehold would have a term of 99 years, with all rent paid up front at commencement (i.e., a capitalized ground lease).
2. Our market value opinions under the 20% ADU Scenario and 30% ADU Scenario assume that these respective proposed development programs, including all necessary Comprehensive Plan amendments, Planned Unit Development approvals, and/or zoning map amendments, will ultimately be approved by the relevant governing bodies.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. The subject property has reportedly been leased/licensed to USRC (Union Station Redevelopment Corporation) for bus layover parking. The original lease commenced in 2012 for a base term of five years, with a five-year renewal option. It is our understanding that USRC has exercised this renewal option, extending the lease term to 2022. This appraisal operates under the hypothetical condition that this lease has been terminated.



## General Information

### Identification of Subject

The subject is a historic school building located in the Ivy City neighborhood of Washington, DC, situated on a 2.48 acre site. The site is currently zoned PDR-1 (industrial/commercial), but is proposed to be developed as a mixed-use property containing 375 apartment units and 53,000 square feet of commercial space (industrial and retail). The real property interest being valued is a proposed long-term leasehold interest in the entirety of the property, except the existing Crummell School building, which will be retained by the District of Columbia for public/non-revenue use. However, the terms of this leasehold interest would require that the leaseholder renovate the Crummell School for said use at their own expense.

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#### Property Identification

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Property Name	Crummell School
Address	1900 Gallaudet Street NE Washington, District of Columbia 20002
Tax ID	PAR 01420022
Owner of Record	District of Columbia

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### Ownership History

The property has been owned by the Government of the District of Columbia since the Crummell School was built in 1911. No sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date

### Pending Transactions

The District of Columbia Office of the Deputy Mayor for Planning and Economic Development (DMPED) issued a Request for Proposals in connection with the subject property in April 2016. The RFP invited respondents to submit proposals for redevelopment of the Crummell School, under the framework of plans for affordable housing, healthcare, retail, and community recreational space.

It is our understanding that DMPED has since selected a developer, Ivy City Partners, to undertake a renovation of the Crummell School and development of the property, under the framework of a 99 year ground lease. Consummation of the ground lease agreement, however, will require approval by the Council of the District of Columbia.

To the best of our knowledge, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date.

### Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the market value "as is" of the proposed leasehold interest in the property as of the effective date of the appraisal, September 22, 2017, subject to current zoning and all applicable laws and regulations, including but not limited to the



Disposition of District Land for Affordable Housing Act of 2014 (a/k/a "ADU Act"), the Green Building Act of 2006, the First Source Employment Agreement Act of 1984, and the Small and Certified Business Enterprise Development and Assistance Act of 2014, and also subject to a requirement that the Crummell School building, which will remain under District of Columbia ownership, be renovated at the leaseholder's expense, consistent with all applicable historic preservation laws.

As requested, we also estimate market value of the proposed leasehold interest, assuming the following additional stipulations:

- The property is to be developed with the following mix of uses:
  - 375 new residential apartments, with either 20% or 30% of these units designated as Affordable Dwelling Units (ADUs) and required to be operated as rent/income restricted apartments affordable to households with incomes below 30% or 50% of Area Median Income (AMI);
  - Approximately 53,000 square feet of industrial and retail and retail-associated uses, comprising approximately 43,000 square feet of below-grade industrial space and 10,000 square feet of street-level retail space;
  - 2 levels of below grade parking.

Further, the property will be required to be operated solely for the uses described above throughout the term of the leasehold.

- All necessary Comprehensive Plan amendments, Planned Unit Development approvals, and/or zoning map amendments necessary to permit the above-described development program will ultimately be approved by the relevant governing bodies; however, the cost of obtaining said approvals will be borne by the leaseholder.

Throughout this report, we will refer to the proposed development and the associated use restrictions as the Development Program. We have been tasked with evaluating two distinct Development Program scenarios, distinguished by the percentage of residential units that will be required to be operated as ADUs; these two scenarios and the associated value opinions will be referred to as the 20% ADU Scenario and the 30% ADU Scenario. Our opinions of the market value of the leasehold interest of the property under the proposed Development Program invoke the Extraordinary Assumption that the restrictions and requirements associated with the Development Program will be legally binding on the property owner and/or leaseholder.

The date of the report is October 16, 2017. The appraisal is valid only as of the stated effective date or dates.



## Definition of Market Value

Market value is defined 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 the consummation of a sale as of a specified date and the 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 interests;
- 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.”

*(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)*

## Definition of As Is Market Value

As is market value is defined as, “The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.”

*(Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015); also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77471)*

## Definition of Property Rights Appraised

Fee simple estate is defined as, “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

Leased fee interest is defined as, “The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary rights when the lease expires.”

Leasehold interest is defined as, “The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.”

Lease is defined as: “A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.”



Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

### **Intended Use and User**

The intended use of the appraisal is for evaluation of a proposed disposition of the property in the form of a long-term ground lease. >The client is the Office of the Deputy Mayor for Planning and Economic Development (DMPED), of the Government of the District of Columbia. The intended users are the Government of the District of Columbia and the Council of the District of Columbia. The appraisal is not intended for any other use or user. No party or parties other than the Government of the District of Columbia and Council of the District of Columbia may use or rely on the information, opinions, and conclusions contained in this report.

### **Applicable Requirements**

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Appraisal guidelines of the Government of the District of Columbia.

### **Report Format**

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Newmark Night Frank internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

### **Prior Services**

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

### **Scope of Work**

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.





## Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach.

In the valuation of the property “as is,” we rely exclusively on the sales comparison approach, which is the most reliable method of valuing vacant land provided that sufficient comparable sale data exists. This value indication is then adjusted to reflect the fact that the buyer of the leasehold would have to take on the responsibility of renovating the Crummell School.

In the two development scenario valuations, the subject will be impacted by unique development requirements that make the sales comparison approach inapplicable. We have therefore valued the property on a residual basis, in which we develop an opinion of the prospective value of the property proposed in the Development Program upon completion and stabilization. To value the property at stabilization, we rely on the income approach as the only applicable methodology that captures the impact of the Development Program requirements (e.g. ADU mandates) on the value of the property. To convert this future value opinion to a current value, we apply adjustments for the cost of constructing the proposed project, necessary entrepreneurial profit, and other ancillary costs specific to the property that are not captured in the primary analysis (e.g. cost of renovating the Crummell School).

## Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

## Inspection

Samuel D. Sherwood, MAI, conducted an interior and exterior inspection of the property on September 22, 2017. Patrick C. Kerr, MAI, FRICS, SRA, did not personally inspect the property.

## Significant Appraisal Assistance

It is acknowledged that George Robinson, Laura Spence and Chizzy Ohanyerenwa made a significant professional contribution to this appraisal, consisting of participating in the property inspection, conducting research on the subject and transactions involving comparable properties, performing appraisal analyses, and assisting in report writing, under the supervision of the persons signing the report.



## Economic Analysis

### District of Columbia Area Analysis

An analysis of demographic and economic trends for the State of District of Columbia is performed using data provided by Environics Analytics and U.S. government agencies.

#### Population

The State of District of Columbia has an estimated 2017 population of 690,945, which represents an average annual 2.0% increase over the 2010 census of 601,723. The State of District of Columbia added an average of 12,746 residents per year over the 2010-2017 period, and its annual growth rate exceeded the United States rate of 0.7%.

Looking forward, District of Columbia's population is projected to increase at a 1.0% annual rate from 2017-2022, equivalent to the addition of an average of 6,987 residents per year. District of Columbia's growth rate is expected to exceed that of the United States, which is projected to be 0.7%.

	Population			Compound Ann. % Chng	
	2010 Census	2017 Estimate	2022 Projection	2010 - 2017	2017 - 2022
District of Columbia, DC	601,723	690,945	725,882	2.0%	1.0%
Washington, DC MSA	5,636,232	6,203,724	6,545,045	1.4%	1.1%
USA	308,745,538	325,139,271	337,393,057	0.7%	0.7%

Source: Environics Analytics

#### Employment

Total employment in District of Columbia is currently estimated at 788,900 jobs. Between year-end 2006 and the present, employment rose by 95,500 jobs, equivalent to a 13.8% increase over the entire period. There were gains in employment in ten out of the past ten years despite the national economic downturn and slow recovery. District of Columbia's rate of employment growth over the last decade surpassed that of the United States, which experienced an increase in employment of 5.8% or 8,034,000 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the District of Columbia unemployment rate has been generally higher than that of the United States, with an average unemployment rate of 7.7% in comparison to a 6.8% rate for the United States. A higher unemployment rate is a negative indicator.

Recent data shows that the District of Columbia unemployment rate is 5.5% in comparison to a 4.1% rate for the United States, a negative sign for District of Columbia.



<b>Employment Trends</b>						
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	District Of		United States		District Of	
	Columbia	% Change		% Change	Columbia	United States
2006	693,400		138,124,000		5.8%	4.6%
2007	701,800	1.2%	139,298,000	0.8%	5.5%	4.6%
2008	704,500	0.4%	135,732,000	-2.6%	6.5%	5.8%
2009	705,600	0.2%	130,690,000	-3.7%	9.3%	9.3%
2010	717,300	1.7%	131,641,000	0.7%	9.4%	9.6%
2011	729,100	1.6%	133,718,000	1.6%	10.2%	9.0%
2012	744,700	2.1%	135,964,000	1.7%	9.1%	8.1%
2013	756,500	1.6%	138,292,000	1.7%	8.5%	7.4%
2014	763,500	0.9%	141,327,000	2.2%	7.8%	6.2%
2015	784,000	2.7%	144,063,000	1.9%	6.9%	5.3%
2016	788,900	0.6%	146,158,000	1.5%	6.0%	4.9%
Overall Change 2006-2016	95,500	13.8%	8,034,000	5.8%		
Avg Unemp. Rate 2006-2016					7.7%	6.8%
Unemployment Rate - May 2017					5.5%	4.1%

Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Current Employment Survey (CES). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Major employers in District of Columbia are shown in the following table.

<b>Major Employers - District of Columbia, DC</b>	
Name	Number of Employees
1 Georgetown University	
2 George Washington University	
3 Children's National Medical Center	
4 American University	
5 Fannie Mae	
6 Catholic University of America	
7 Booz Allen & Hamilton Inc.	
8 Red Coats	
9 Allied Barton Security Services Inc.	
10 George Washington University Hospital	
11 Howard University Hospital	
12 Sibley Memorial Hospital	
13 Advisory Board Company	
14 George Washington Med Fac Assoc.	
15 Insperty People Services LP	

Source: District of Columbia 2015 Comprehensive Annual Financial Report

\* According to the DC Government, this data is subject to a confidentiality agreement, and is not therefore available for public consumption

## Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area, and annual changes in Gross Domestic Product (GDP) are a gauge of economic growth.



GDP growth has been slightly lower in the State of District of Columbia than the United States overall during the past eight years. The State of District of Columbia has grown at a 1.2% average annual rate while the United States has grown at a 1.3% rate. As the national economy improves, District of Columbia continues to underperform the United States. GDP for the District Of Columbia rose by 2.2% in 2015 while the United States GDP rose by 2.5%.

The State of District of Columbia has a per capita GDP of \$159,938, which is 220% greater than the United States GDP of \$50,054. This means that District of Columbia industries and employers are adding relatively more value to the economy than their counterparts in the United States.

<b>Gross Domestic Product</b>				
Year	(\$ Mil)		(\$ Mil)	
	District Of Columbia	% Change	United States	% Change
2008	99,039		14,718,301	
2009	98,415	-0.6%	14,320,114	-2.7%
2010	101,689	3.3%	14,628,165	2.2%
2011	103,539	1.8%	14,833,679	1.4%
2012	103,733	0.2%	15,126,281	2.0%
2013	103,508	-0.2%	15,348,044	1.5%
2014	105,205	1.6%	15,691,181	2.2%
2015	107,515	2.2%	16,088,249	2.5%
Compound % Chg (2008-2015)		1.2%		1.3%
GDP Per Capita 2015	\$159,938		\$50,054	

Source: Bureau of Economic Analysis and Economy.com; data released September 2016. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2009 dollars.

### Income, Education and Age

The State of District of Columbia is more affluent than the United States. Median household income for District of Columbia is \$73,371, which is 29.5% greater than the corresponding figure for the United States.

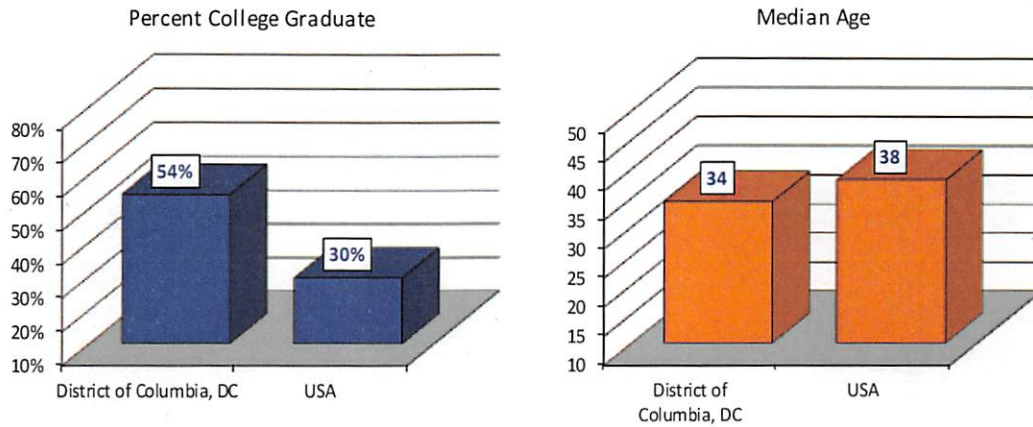
<b>Median Household Income - 2017</b>	
	Median
District of Columbia, DC	\$73,371
USA	\$56,672
Comparison of District of Columbia, DC to USA	+ 29.5%

Source: Environics Analytics

Residents of District of Columbia have a higher level of educational attainment than those of the United States. An estimated 54% of District of Columbia residents are college graduates with four-year degrees, versus 30% of United States residents. People in District of Columbia are younger than their United States counterparts. The median age for District of Columbia is 34 years, while the median age for the United States is 38 years.



**Education & Age - 2017**



Source: Envrionics Analytics

**Conclusion**

District of Columbia economy will benefit from a growing population base and higher income and education levels. The State of District of Columbia experienced growth in the number of jobs over the past decade, and it is reasonable to assume that employment growth will occur in the future. We anticipate that the District of Columbia economy will improve and employment will grow, strengthening the demand for real estate.





Area Map

## Surrounding Area Analysis

### Boundaries

The subject is located in the northeast quadrant of Washington, DC in an area known as Ivy City. This community is part of the Ivy City/Brentwood/Langston multifamily submarket as defined by CoStar, Inc. This submarket generally is delineated as follows:

<b>North</b>	Rhode Island Avenue (Route 1)
<b>South</b>	G Street NE/ Union Station
<b>East</b>	District of Columbia Border, US National Arboretum, and Bladensburg Road NE
<b>West</b>	North Capitol Street

Ivy City is a small neighborhood that historically has been dominated by industrial uses, including parking lots, vehicle maintenance and storage facilities, and assorted wholesale/storage/light manufacturing uses. As of the effective date of this appraisal, this area is experiencing revitalization, with a number of new businesses having recently opened including breweries/distilleries, local and national retail stores, and restaurants. Some major landmarks in and around the neighborhood include the historic Hecht Warehouse building, Ivy City Yard (a railroad coach yard and maintenance facility for Amtrak), the United States National Arboretum, Mt. Olivet Cemetery, and Gallaudet University.

A map identifying the location of the property follows this section.

### Access and Linkages

Primary access to the area is provided by Route 50/New York Avenue, a major arterial that crosses the Washington, DC, metro area in an east-west direction. Access to the subject from Route 50 is provided by Kendall Street NE and West Virginia Avenue NE. Overall, vehicular access is average. The proximity of Ivy City to New York Avenue/Route 50 and the Maryland border provides for relatively convenient access to 295/Baltimore-Washington Parkway (connections to suburban Maryland and Virginia). However, traffic congestion on New York Avenue is extremely heavy during peak commuting hours. Furthermore, commercial truck traffic is prohibited on the Baltimore-Washington Parkway, limiting the utility of this connection for industrial uses (e.g. distribution and shipping).

Public transportation is provided by the Washington Metropolitan Area Transit Authority (WMATA). The nearest Metro station is the Rhode Island Avenue-Brentwood station (Red Line), approximately 1.8 miles north/northwest of the subject. Metrobus stops are located within two blocks of the subject, on Fenwick Street NE and West Virginia Avenue NE. However, only two bus routes (D4 and E2) serve the neighborhood, with the D4 running west to downtown Dupont Circle and the E2 running north to Fort Totten. This level of bus service and Metro proximity is considered below average. As a result, the primary mode of transportation in the area is the automobile.

Ronald Reagan Washington National Airport (DCA) is located about a seven-mile drive southwest of the property; travel time is about 20 to 30 minutes, depending on traffic conditions. Baltimore-Washington International Thurgood Marshall Airport (BWI) is located approximately 29 miles



northeast of the property; travel time is about 35 to 50 minutes, depending on traffic conditions. The Washington, DC, CBD, the economic and cultural center of the region, is approximately three miles west of the property.

## Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

<b>Surrounding Area Demographics</b>					
2017 Estimates	1-Mile Drive Distance	2-Mile Drive Distance	3-Mile Drive Distance	District of Columbia	Washington MSA
Population 2010	27,323	118,242	292,717	601,723	5,636,232
Population 2017	31,788	142,819	337,656	674,875	6,146,460
Population 2022	34,941	157,795	367,430	726,356	6,539,875
Compound % Change 2010-2017	2.2%	2.7%	2.1%	1.7%	1.2%
Compound % Change 2017-2022	1.9%	2.0%	1.7%	1.5%	1.2%
Households 2010	11,091	50,920	131,521	266,707	2,094,033
Households 2017	13,074	62,691	153,698	301,528	2,271,072
Households 2022	14,447	69,791	168,275	326,072	2,411,398
Compound % Change 2010-2017	2.4%	3.0%	2.3%	1.8%	1.2%
Compound % Change 2017-2022	2.0%	2.2%	1.8%	1.6%	1.2%
Median Household Income 2017	\$41,488	\$72,500	\$75,399	\$76,405	\$95,156
Average Household Size	2.3	2.2	2.1	2.1	2.7
College Graduate %	36%	57%	55%	58%	50%
Median Age	38	36	35	35	37
Owner Occupied %	30%	38%	34%	36%	58%
Renter Occupied %	56%	53%	57%	55%	36%
Median Owner Occupied Housing Value	\$365,135	\$549,651	\$519,997	\$573,204	\$413,762
Median Year Structure Built	1947	1942	1948	1951	1979

Source: ESRI

As shown above, the current population within a 2-mile drive distance of the subject is 142,819, and the average household size is 2.2. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to the District of Columbia overall, the population within a 2-mile drive distance is projected to grow at a faster rate.

Median household income is \$72,500, which is similar to the median household income level for the District as a whole. However, income levels in the immediately surrounding area (within 1 mile) are much lower. Residents of the surrounding area also have a lower level of educational attainment than the District or the region as a whole, and median owner occupied home values are also considerably lower.

## Land Use

In the immediate vicinity of the subject, land use is characterized by a mix of industrial and commercial uses to the north, east and west, and residential uses to the south. Other land use characteristics are summarized as follows:





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### Surrounding Area Land Uses

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Character of Area	Urban
Predominant Housing Age	50 to 90 years, with some new construction/recent renovations
Predominant Quality and Condition	Below Average, except for new/newly renovated commercial uses near Hecht warehouse
Approximate Percent Developed	90%
Infrastructure/Planning	Average
Prospective Change in Land Use	Ongoing shift toward higher-intensity uses (commercial and residential)
Prevailing Direction of Growth	Infill/redevelopment, generally progressing west to east, and outward from Hecht

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### Outlook and Conclusions

The area is in the growth stage of its life cycle. Given the history of the area and the growth trends, it is anticipated that property values will increase in the near future.

In comparison to other areas in the region, the area is rated as follows:

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### Surrounding Area Attribute Ratings

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Highway Access	Above Average
Demand Generators	Average
Convenience to Support Services	Average (recent shift from Below Average)
Convenience to Public Transportation	Below Average
Employment Stability	Average
Police and Fire Protection	Average
Property Compatibility	Below Average, improving
General Appearance of Properties	Below Average, improving
Appeal to Market	Average
Barriers to Competitive Entry	Average
Price/Value Trend	Above Average

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### Surrounding Area Map



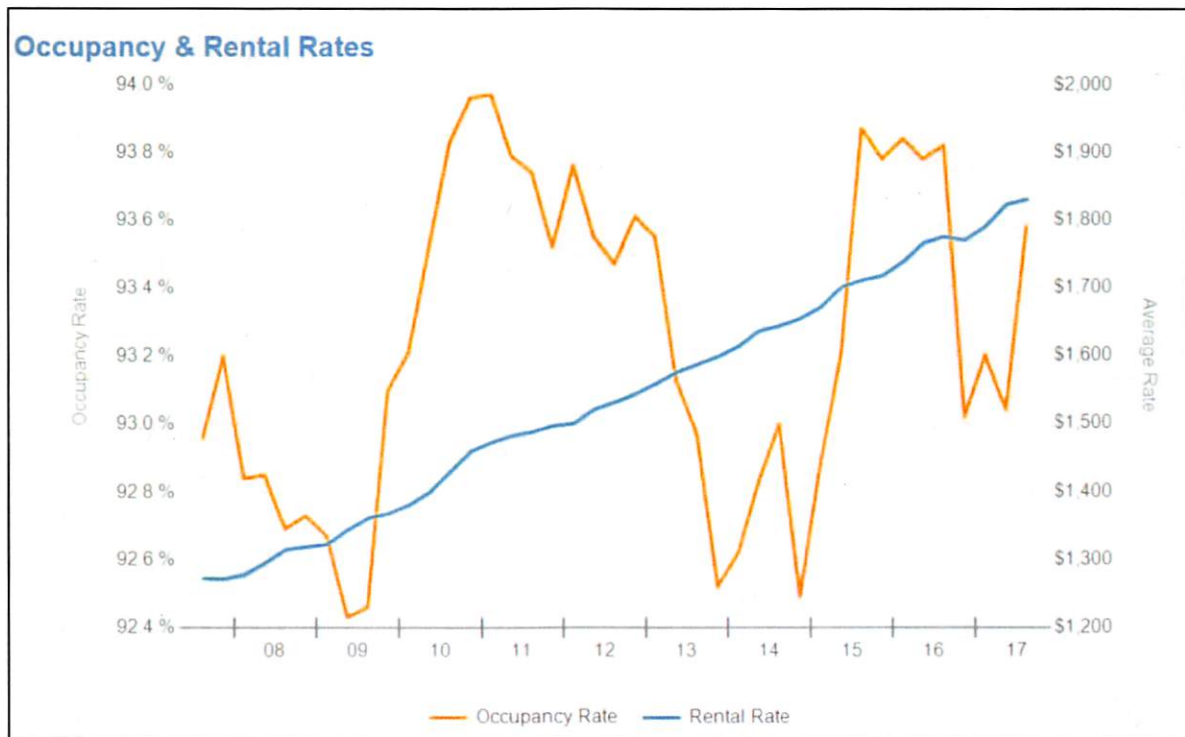
## Multifamily Market Analysis

### District of Columbia Overview

Supply and demand indicators for multifamily housing in the District of Columbia, including inventory levels, absorption, vacancy, and rental rates for all classes of apartment properties are presented below, and are abstracted from CoStar, Inc. data.

District of Columbia Apartment Market						
Year	Inventory Units	Delivery Units	Vacancy %	Net Absorption Units	Effective Rent Per Unit	Effective Rent % Growth/Yr
YTD	187,155	4,335	6.73%	4,412	\$1,797	3.60%
2016	183,025	5,036	6.40%	2,816	\$1,732	2.60%
2015	178,202	3,193	6.55%	4,024	\$1,687	3.10%
2014	175,055	5,503	7.28%	4,869	\$1,636	3.70%
2013	169,637	4,022	6.95%	1,980	\$1,579	2.80%
2012	165,835	2,374	6.38%	2,019	\$1,533	2.80%
2011	163,762	1,599	6.30%	795	\$1,487	2.20%
2010	162,223	1,104	5.80%	2,020	\$1,452	6.80%
2009	161,119	2,731	6.70%	1,906	\$1,358	3.40%
2008	159,143	3,703	7.10%	1,355	\$1,309	3.30%

Source: CoStar, Inc.; compiled by Newmark Knight Frank



Source: CoStar, Inc.; compiled by Newmark Knight Frank

The District of Columbia multifamily market contains an overall inventory of 187,155 units. The market has generally been stable for quite some time with the overall vacancy rate estimated to be 6.62% as of the current time, which represents a modest increase from a lower mark 5.8% in 2010. Absorption has remained positive over the past ten years despite the economic recession, with fluctuations in the



vacancy rate being driven primarily by the timing of new inventory deliveries. Since 2008, positive absorption has averaged 2,760 units per year.

The average effective rental rate is \$1,797 per unit, which has steadily grown since 2007 at an average compound rate of 3.43% per year.

### Submarket Analysis

The proposed multifamily improvements on the subject will be a Class A apartment community, located on the border of the Ivy City/Brentwood/Langston, Brookland, and Eckington submarkets as defined by CoStar, Inc. There is a very limited amount of Class A apartments within these three submarkets; therefore, we have enlarged our submarket analysis to include the neighboring H Street/NoMa submarket.

Key supply and demand indicators for all classes of apartments in this submarket are displayed in the next table, followed by a separate table showing Class A properties only.

Brookland/Eckington/NoMa/H Street/Ivy City Submarket Cluster						
Year	Inventory Units	Deliveries Units	Vacancy %	Net Absorption Units	Effective Rent Per Unit	Effective Rent % Growth/Yr
YTD	14,468	920	7.20%	1,446	\$1,957	5.40%
2016	13,554	1,259	12.30%	747	\$1,859	3.40%
2015	12,296	844	9.70%	670	\$1,821	3.90%
2014	11,461	449	10.00%	1,103	\$1,756	3.20%
2013	11,022	2,065	16.80%	1,134	\$1,707	8.70%
2012	8,958	607	9.80%	539	\$1,592	6.60%
2011	8,351	373	9.70%	203	\$1,475	3.40%
2010	7,978	1,033	7.80%	947	\$1,413	14.10%
2009	6,945	-	7.70%	23	\$1,236	2.30%
2008	6,945	-	8.10%	49	\$1,208	3.30%

Source: CoStar, Inc.; compiled by Newmark Knight Frank

Submarket Cluster Class A						
Year	Inventory Units	Deliveries Units	Vacancy %	Net Absorption Units	Effective Rent Per Unit	Effective Rent % Growth/Yr
YTD	6,330	851	9.40%	1,310	\$2,374	5.90%
2016	5,479	1,106	19.40%	660	\$2,250	1.00%
2015	4,373	743	15.30%	544	\$2,291	2.20%
2014	3,630	315	13.60%	1,005	\$2,264	2.30%
2013	3,315	2,065	35.70%	1,155	\$2,235	9.80%
2012	1,251	607	21.90%	356	\$2,331	1.40%
2011	644	-	3.50%	9	\$2,392	2.70%
2010	644	212	4.80%	196	\$2,329	6.00%
2009	432	-	3.10%	3	\$2,369	2.00%
2008	432	-	3.80%	64	\$2,322	5.20%

Source: CoStar, Inc.; compiled by Newmark Knight Frank

### Supply Analysis

The subject's submarket cluster contains an overall inventory of 14,468 units, of which 6,330 units or 43.8% are Class A units. Approximately 7,550 units have been added to the overall submarket between 2008 and 2017, of which 5,899 units are Class A (78% of the newly delivered units). The



overall submarket is growing at an average of 2% per year, while the Class A inventory has more than quintupled since 2012. This submarket cluster has seen a major increase in new development and revitalization of existing inventory.

## New and Proposed Construction

### New York Avenue NE Corridor

New York Avenue NE has historically served primarily as a commuting corridor into downtown DC from the Baltimore-Washington Parkway/295 and Route 50, with improvements mostly limited to industrial, highway-oriented commercial (gas stations, fast food, auto-related) and limited-service hospitality uses. However, large-scale redevelopment activity is expected to significantly shift land use in this area over the next five to ten years.

#### *Hecht/Ivy City*

Ivy City, located on the south side of New York Avenue about a mile north of the NoMa-Gallaudet Metro station and the Union Market District, has historically been a largely industrial area but is undergoing a transformation toward mixed use. The anchor of this redevelopment area is a historic building, constructed in 1937 and expanded in 1948 as the central warehouse for the Hecht Company Department Stores. Douglas Development purchased the building in 2011 and started redeveloping the property into a mixed-use retail and residential complex in 2013. The project was completed in 2016 and includes 463,648 rentable square feet, which is comprised of 250,000 square feet of retail, 340 apartment units, and 1,250 parking spaces. Retail tenants include MOM's Organic Market, Nike, Petco, Ulta, Planet Fitness among many others. In 2016, the project has won numerous awards including the Best Washington/Baltimore Adaptive Reuse Apartment Community



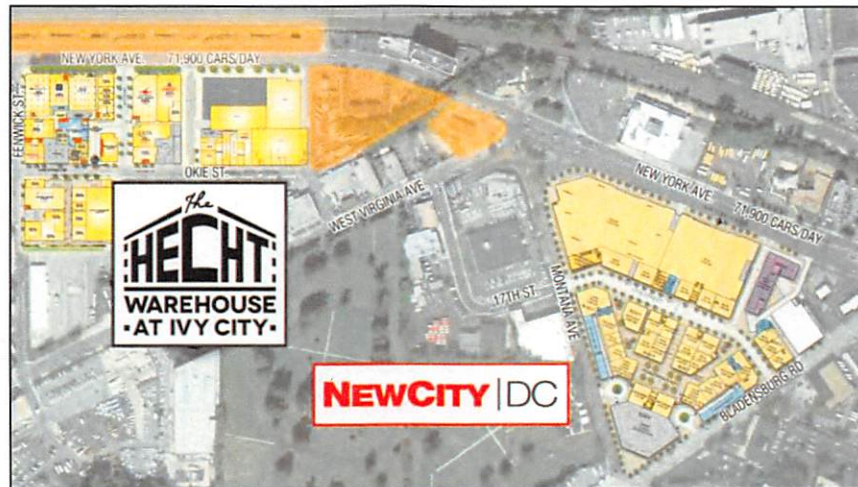
Douglas plans to develop additional apartment and retail uses on the surrounding blocks, replacing and/or re-using existing 1 and 2-story industrial properties. Projects currently proposed include a 320-unit apartment building at 1900 Gallaudet Street NE and approximately 60,000 square feet of additional retail.

#### *NewCityDC*

Delivering in phases starting at the end of 2018 is the NewCity DC development, also by Douglas Development, located on the blocks bounded by New York Avenue, Montana Avenue, and Bladensburg Road. The project entails over 550,000 square of retail space, 422 apartment units, 18



town homes, 156 hotel rooms and 2,900 parking spaces. The project is located several blocks east of The Hecht Warehouse at Ivy City, as Douglas attempts to reinvent the New York Avenue corridor east of the NoMa Metro Station. The 15-acre site was supposed to be the site of one of the six Walmart stores coming to the District, before those plans fell apart. The site has been rough graded, and horizontal development is expected to commence at some point in 2017.



### *Dakota Crossing*

Dakota Crossing, a 43 acre development led by Trammell Crow Company, Fort Lincoln New Town Corporation and CSG Urban Partners is a mixed-use development located north of New York Avenue and east of South Dakota Avenue, near the northeastern boundary of the District. The two main components of the project are The Villages at Dakota Crossing and The Shops at Dakota Crossing. The Villages is currently made up of 413 townhomes which delivered in phases ending in 2016. Several other residential developments are commencing in the near future around the Villages, including the 123-townhouse Villages of Washington Gateway, and an additional 240 apartments.

The Shops at Dakota Crossing is a 430,000 square foot retail center, bringing a destination shopping venue to Northeast DC, drawing crowds from the entire District of Columbia, surrounding neighborhoods, as well as the Maryland suburbs. The project is anchored by several strong, national retailers including Costco (154,000 SF) and Lowe's (130,000 SF). Costco (Phase I) opened in late 2012, and the Lowe's Home and Garden Center (Phase II) opened in late 2015. Phase III, which includes PetSmart, Marshall's and DICK'S Sporting Goods, opened in Q4 2016.

In addition to the large anchors, approximately 50,000 square feet of retail space will be occupied by small shops, a bank, and several restaurants and food service providers. This component of the project will be fully complete by the end of 2017.

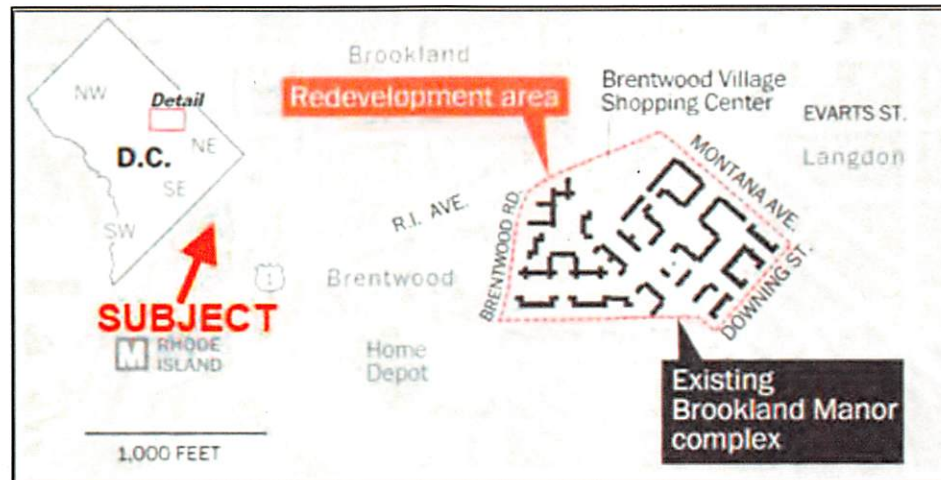
### **Rhode Island Avenue**

The New York Avenue corridor competes relatively directly with the nearby Rhode Island Avenue corridor, which is also experiencing a significant shift in land use/development intensity.



*Brookland Manor/RIA*

Brookland Manor currently consists of 19 aging garden-style apartment buildings with 535 apartments (2/3rds of which are subsidized) on 18 acres. The redevelopment plan, named RIA, calls for 1,760 residential units (384 of which would be affordable), 181,000 square feet of retail space, and 1,590 parking spaces. While the development has received Zoning Commission approval (first stage PUD), legal battles with local residents and existing tenants are ongoing. However, the developer (Mid-City Finance) plans to start construction of the first phase (2 buildings containing 331 units on a 2.6-acre site) in 2017.

*Bryant Street/680 Rhode Island*

MRP Realty is planning a major redevelopment of Rhode Island Center (currently a Class C surface-parked shopping center anchored by Big Lots and Forman Mills), located on a 13-acre site northwest of the Rhode Island Avenue Metro station (across the Metro tracks from the subject). The new project, known as Bryant Street, is a proposed 1.7 million square foot, 7-building, 1,450 unit development. Each building will be anchored by ground-floor retail, and there will be approximately 2,000 new parking spaces for the tenants and retail components. Eight percent of the rental units will be designated as affordable units. MRP has also announced that they plan to include a nine-screen multiplex (Alamo Drafthouse) as part of the retail.

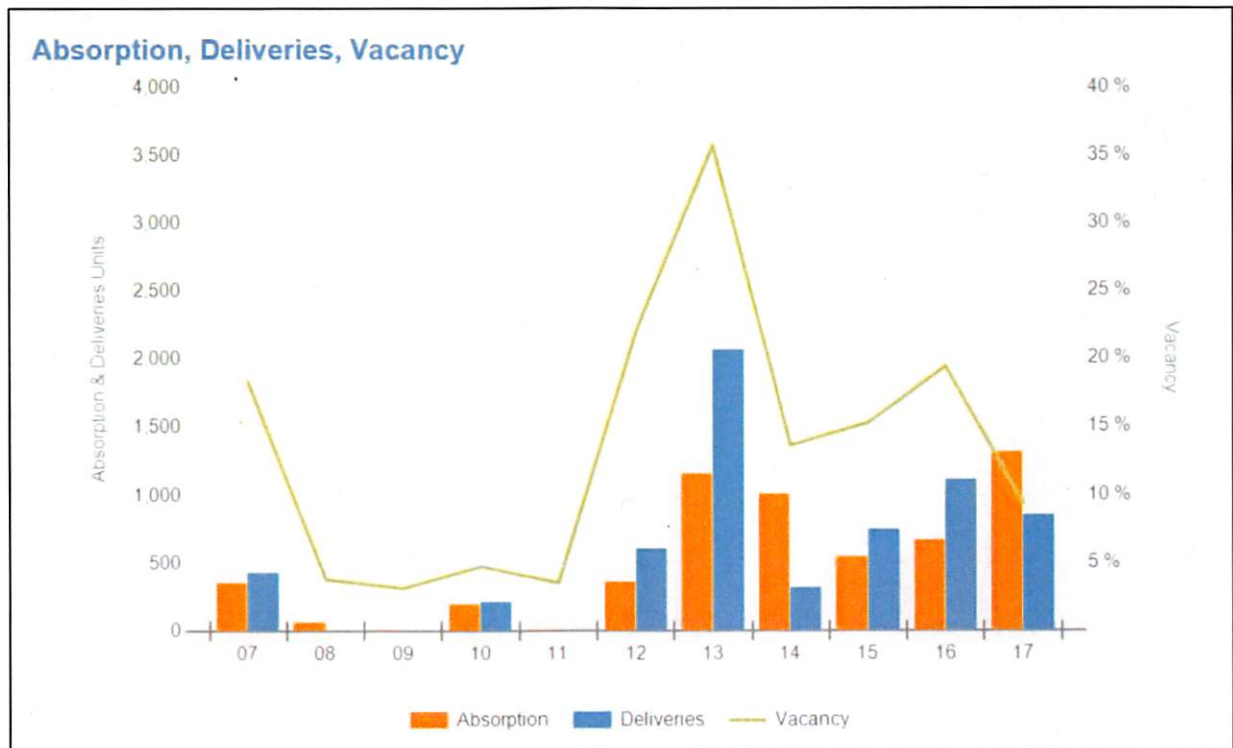
The 13-acre, 6-block project will be completed in 6 phases over the course of 7 years, with the first building delivering in 2019. The District will be subsidizing \$24 million of the project through tax increment financing. The TIF only covers the project's first phase (480 apartments and 65,000 square feet of retail), and will subsidize the excavation and disposal of 130,000 cubic feet of fill, as well as installation of new utility infrastructure.





### Vacancy Rate and Rental Trends

Vacancy rate trends in relation to new construction deliveries and absorption for Class A multifamily properties in the subject’s submarket cluster are presented in the following chart.



Source: CoStar, Inc.; compiled by Newmark Knight Frank

Overall submarket vacancy (all classes of properties combined) is currently estimated at 7.20%, which represents a modest decrease from a high mark of 9.70% in 2015. Class A vacancy is higher at 9.40% as of 2017, though this level represents a significant decrease from a high mark of 13.6% in 2014.





Newmark is of the opinion that the present elevated vacancy rates are strictly the result of multiple simultaneous recent deliveries. Once stabilized, projects tend to stay stabilized.

The overall submarket effective rental rate (all classes of properties combined) is estimated at \$1,957 per unit as of 2017, which represents a significant increase from the lower mark of \$1,208 in 2008. The Class A rental rate is higher at \$2,374 per unit as of 2017, which represents a minor increase from a lower mark of \$2,322 per unit in 2008. Much like the elevated vacancy rates, Newmark is of the opinion that the effective rental rate has only seen a minor uptick since 2007 because of the large increase in new deliveries. Most apartment projects are offering an increased amount of concessions in order to attract new tenants and maintain occupancy levels. Once stabilized, the effective rental rate for the submarket is projected to increase, especially given the significant expansion of neighborhood amenities (retail, etc.) going forward.

### Demand Analysis

The subject's building design, community amenities, and unit amenities are expected to be similar to other newer Class A apartments in the area. The subject's location, the border of the Eckington and Ivy City/Brentwood/Langston submarkets, is an area that is currently going through revitalization. Given the subject's Class A features and resurgent location, its target market is clearly mid- to upper income renters. This draw is from a wide age range, though with an emphasis on younger households. The subject's accessibility is expected to be a drawing factor for many tenants that live and work in Capitol Hill, as well as the surrounding Prince George's County.

Considering the preceding demographic data provided by Environics, we test the affordability of standard Class A apartments. This demographic data represents the market area (3-mile radius).

Using the demographic data and a common ratio of income to rental payment, we are able to determine the segment of households that can afford a standard Class A apartment unit. These calculations are summarized as follows.

<b>Income Ranges of Submarket</b>	<b>Percent of Households</b>	<b>Percent of Income/Rent</b>	<b>Monthly Rental Payment</b>
Income < \$15,000	7.23%	33%	\$0 - \$413
Income \$15,000 - \$24,999	14.04%	33%	\$413 - \$687
Income \$25,000 - \$34,999	14.16%	33%	\$688 - \$962
Income \$35,000 - \$49,999	10.72%	33%	\$963 - \$1,375
Income \$50,000 - \$74,999	8.05%	33%	\$1,376 - \$2,062
Income \$75,000 - \$99,999	8.75%	33%	\$2,063 - \$2,750
Income \$100,000 - \$124,999	6.00%	33%	\$2,751 - \$3,437
Income \$125,000 - \$149,999	12.42%	33%	\$3,438 - \$4,125
Income \$150,000 - \$199,999	10.94%	33%	\$4,126 - \$5,500
Income \$200,000 +	7.69%	33%	\$5,500 +

Source: Environics, compiled by Newmark Knight Frank

The base proposed asking market rent for the subject's smallest market-rate apartment is \$1,800 per month, while the upper-end of the asking rental range is \$2,750 per month. These rental rates do not



include the ADUs, projected rents for which range from \$371 to \$410 per month for 30% AMI units and \$778 to \$899 per month for 50% AMI units.

Based on the above listed chart, we find that potential tenants of standard Class A apartments must earn a household income over \$50,000. This segment includes approximately 53.85% of the households that reside within 3 miles of the subject. Considering the Class A design and required monthly payments at the subject property, we identify the target rents as households with incomes of \$50,000 to \$149,999.

**Apartment Demand Analysis**

Determinants of apartment demands are a function of demographic, social, and economic characteristics. In the case of the subject’s market area, there is an established population of families and a growing population of professionals.

Projecting population, household, and ultimately demand is very difficult. These projections are even more difficult to estimate in changing markets, such as the District of Columbia. The foundation of our demographic projections is data published by Environics. Population in the subject’s submarket (3-mile radius) is expected to increase from 337,656 (2017) to 367,430 (2022), or 29,774 people. During the next five years, the number of *households* in the subject’s submarket is expected to increase from 153,698 (2017) to 168,275 (2022), or 9.5%.

Long term trends in owner versus renter decisions help establish an appropriate and marketable split between owner and renter housing unit additions over the forecast period. The households by tenure for owner and renter-occupied units are illustrated in the following table.

<b>Residential Occupancy Market Area (3 Mile Radius)</b>		
	<b>Number of Households</b>	<b>Percentage</b>
<b>Owner-Occupied</b>	57,790	37.6%
<b>Renter-Occupied</b>	95,908	62.4%
<b>Total</b>	153,698	100.0%

Source: Environics, compiled by Newmark Knight Frank

Demand for residential properties is generated by expansion of the population and households. Applying the percentage of renter occupied households to the household growth, results in a demand of 9,096 units over the next five years [(168,275 – 153,698) = 14,577 x 62.4%].

New forecasted demand for 9,096 apartments over the next five years within a three-mile radius is considered healthy. As the population grows in the surrounding area due to the rejuvenation of the submarket, we can expect that demand for apartments will increase.



## Apartment Absorption

The following table includes absorption paces for recently built apartments in Washington, DC outside of downtown.

Absorption Comparables - Apartment Communities						
Project Name	City, State	Units	Delivered	Stabilized	Est. Months to Stabilize	Avg. Absorption Pace per Month
Anthology	Washington, DC	307	Oct-16	In Lease-Up	In Lease-Up	17
Hecht Warehouse	Washington, DC	335	Nov-17	Q4 2016	15	20
AVA NoMa	Washington, DC	463	Mar-17	Q3 2017	9	45
Fort Totten Square	Washington, DC	345	Jun-15	Q3 2015	29	11
The Modern at Art Place	Washington, DC	520	Aug-17	In Lease-Up	In Lease-Up	33
Jefferson Marketplace	Washington, DC	281	Jul-17	Q3 2017	26	11
Lyric 440K Apartment	Washington, DC	233	Jan-14	Q4 2015	21	11
John & Jill Ker Conway Res*	Washington, DC	124	Nov-16	Q3 2017	11	11
The Grove at Parkside	Washington, DC	186	Dec-17	Q2 2017	12	14

Source: CoStar, Inc.; compiled by Newmark Knight Frank

The range of average absorption pace is 11 to 45 units per month with an average of 19 units per month. Of particular importance is the Hecht Warehouse and Anthology due to being in neighboring submarkets to the subject. We would expect the subject to have a pace of absorption similar to these properties, especially the Hecht Warehouse. We therefore project an absorption pace of 20 units per month.

Applying the projected absorption pace to the subject, results in an absorption period for the market-rate units of 13 months following the completion of construction for the 30% ADU scenario and 15 months for the 20% ADU scenario.



## Industrial Market Analysis

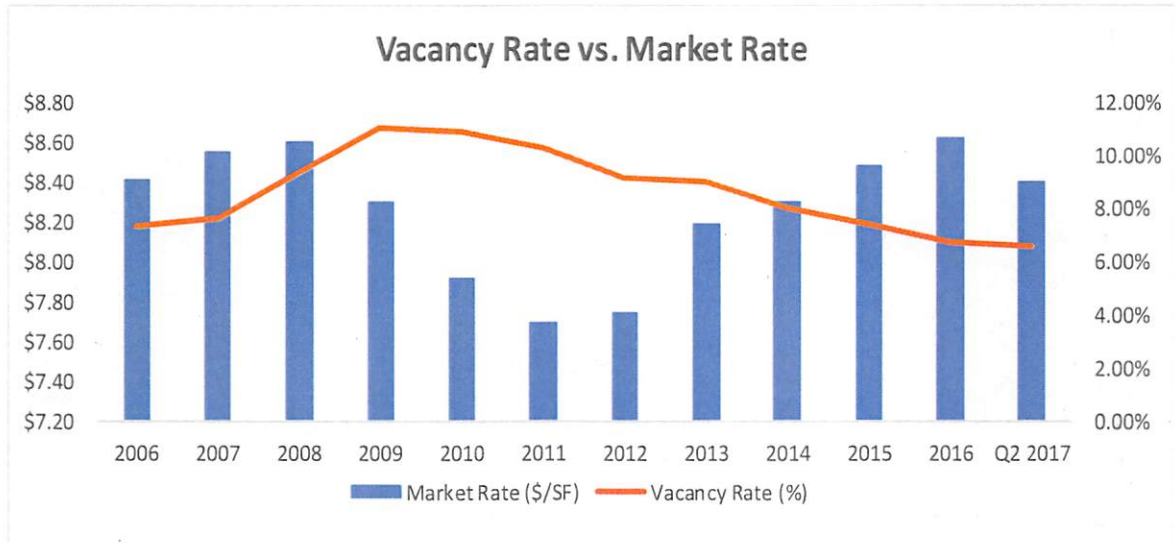
### Metro Area Overview

Trended supply and demand indicators, including inventory levels, absorption, vacancy, and rental rates for warehouse space in the Washington metro area are presented in the ensuing table.

Warehouse Industrial Metro Trends										
Year	Inventory (Bldgs)	Inventory (SF)	Vacancy (SF)	Vacancy (%)	Deliveries (Bldgs)	Deliveries (SF)	Absorption (SF)	Construction (Bldgs)	Construction (SF)	Market Rate (\$/SF)
2006	4,386	140,070,420	10,293,956	7.35%	41	2,099,257	1,194,147	36	1,860,119	\$8.41
2007	4,429	142,436,358	10,906,095	7.66%	38	1,830,841	1,753,799	28	1,680,502	\$8.56
2008	4,470	144,691,134	13,670,789	9.45%	31	1,776,918	-509,918	19	708,697	\$8.61
2009	4,485	145,311,048	16,142,992	11.11%	18	663,912	-1,852,289	5	559,428	\$8.30
2010	4,487	145,594,764	15,963,729	10.96%	5	559,428	462,979	6	347,501	\$7.92
2011	4,489	145,828,270	15,012,307	10.29%	5	225,893	1,184,928	8	616,931	\$7.70
2012	4,492	145,819,900	13,407,706	9.19%	9	585,862	1,596,231	16	1,344,920	\$7.75
2013	4,494	147,061,253	13,251,897	9.01%	16	1,519,320	1,397,162	5	262,691	\$8.19
2014	4,498	147,311,059	11,823,743	8.03%	8	493,448	1,677,960	18	2,048,049	\$8.30
2015	4,513	148,745,139	11,092,817	7.46%	21	2,064,987	2,165,006	27	3,273,372	\$8.49
2016	4,536	151,677,457	10,306,738	6.80%	27	3,225,872	3,718,397	13	1,467,009	\$8.63
Q2 2017	4,539	151,517,583	10,010,673	6.61%	4	349,126	136,191	18	2,137,622	\$8.40
2006 - 2016 Average	4,480	145,867,891	12,897,524	8.84%	20	1,367,794	1,162,582	16	1,288,111	\$8.26

Source: CoStar, Inc.; compiled by Newmark Knight Frank

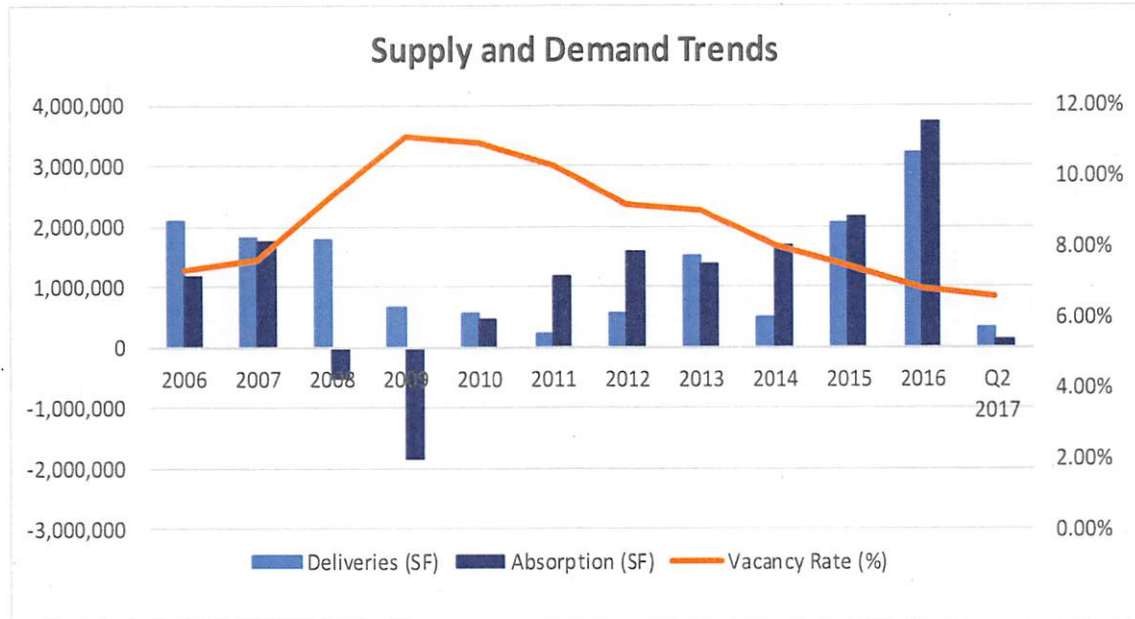
### Metro Trends Key Takeaways



Source: CoStar, Inc.; compiled by Newmark Knight Frank

- The current vacancy rate for warehouse space in the metro area is 6.61%; the vacancy rate has decreased by 368 bps from 2011.
- Market rent averages \$8.40/SF, and rents have increased by 9.09% from 2011.





Source: CoStar, Inc.; compiled by Newmark Knight Frank

- The building inventory count has increased by 1.11% from 2011, while the total inventory size (SF) has increased by 3.90%.
- Between 2011 and 2016, deliveries have averaged 1,352,564 SF annually, and reached a peak of 3,225,872 SF in 2016.
- Between 2011 and 2016, absorption figures in the metro area have averaged 1,956,614 SF annually, and reached a peak of 3,718,397 SF in 2016.
- Between 2011 and 2016, construction levels reached a peak of 3,273,372 SF in 2015 and a low of 262,691 SF in 2013.

**Submarket Cluster Overview**

The subject is located in the District of Columbia submarket cluster area. Current supply and demand statistics, including inventory levels, absorption, vacancy, and rental rates for warehouse space in the District are compared to other submarket clusters in the ensuing table.



Warehouse Industrial Submarket Cluster Statistics								
Submarket Cluster	Inventory (Bldgs)	Inventory (SF)	Vacancy (SF)	Vacancy (%)	Deliveries (SF)	Absorption (SF)	Construction (SF)	Market Rate (\$/SF)
Arlington/Alexandria Ind	196	5,239,348	274,808	5.25%	0	-25,079	0	\$11.27
Bethesda/Silver Spring Ind	81	1,071,453	27,522	2.57%	0	-8,309	0	\$13.00
College Park/Cheverly Ind	424	7,961,108	511,026	6.42%	0	-170,812	0	\$7.15
District of Columbia Ind	454	9,943,830	311,320	3.13%	0	215,912	0	\$14.61
Dulles Corridor Ind	379	21,340,896	1,313,697	6.16%	0	90,151	255,938	\$8.87
E Montgomery County Ind	73	915,413	53,264	5.82%	0	-28,814	0	\$12.45
Fairfax Ind	134	3,254,695	80,061	2.46%	0	28,822	0	\$14.67
Frederick County Ind	385	13,672,029	833,836	6.10%	0	232,639	192,000	\$6.74
I-270 Corridor Ind	468	12,257,992	1,024,372	8.36%	0	-133,934	330,000	\$11.49
Lanham/Landover/Bowie Ind	285	19,564,212	1,714,512	8.76%	103,000	25,982	311,000	\$6.89
Manassas/I-66 Ind	370	12,060,356	447,414	3.71%	246,126	168,659	737,650	\$8.14
North Loudoun Ind	15	196,697	0	0.00%	0	6,369	0	\$15.00
North PG County Ind	305	10,272,088	439,152	4.28%	0	106,397	0	\$7.67
PG Beltway South Ind	443	12,436,742	972,675	7.82%	0	-79,373	311,034	\$7.36
SE PG County Ind	58	2,021,352	480,800	23.79%	0	-378,843	0	\$5.31
Springfield/Newington Ind	317	13,168,686	855,811	6.50%	0	130,405	0	\$8.83
Winchester City Ind	54	3,591,802	588,932	16.40%	0	-22,500	0	\$5.29
Woodbridge Ind	98	2,548,884	81,471	3.20%	0	-21,481	0	\$8.66
<b>Totals</b>	<b>4,539</b>	<b>151,517,583</b>	<b>10,010,673</b>	<b>6.61%</b>	<b>349,126</b>	<b>136,191</b>	<b>2,137,622</b>	<b>\$8.40</b>

Source: CoStar, Inc.; compiled by Newmark Knight Frank

**District of Columbia Submarket Cluster Snapshot**

- The District of Columbia contains 10.00% of the metro building inventory and 6.56% of the metro SF inventory.
- Average market rent in the District is \$14.61/SF which is greater than the metro area's average rate of \$8.40/SF.
- The DC industrial vacancy rate is 3.13%, which is less than the metro area's average of 6.61%.
- The District of Columbia has not had any new industrial construction in the latest analysis period; however there has been 2,137,622 SF of construction in the overall metro area.
- The District of Columbia has not had any new industrial deliveries; however there has been 215,912 SF of absorption in the latest period.

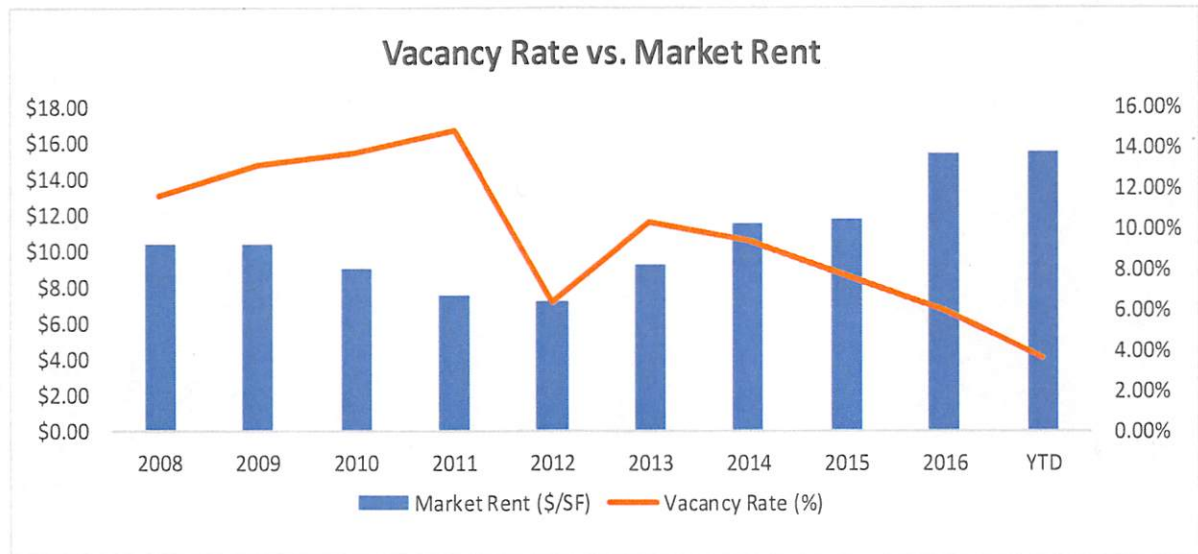
The following table summarizes trended supply and demand indicators, including inventory levels, absorption, vacancy, and rental rates within the District of Columbia submarket cluster area.

District of Columbia Industrial Submarket Cluster Performance Trends										
Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Base Rent Overall
	# Bldgs	SF	SF	%		# Bldgs	SF	# Bldgs	SF	
2008	132	3,373,455	392,469	11.60%	-138,496	0	0	0	0	\$10.48
2009	132	3,373,455	445,196	13.20%	-52,727	0	0	0	0	\$10.42
2010	132	3,373,455	464,737	13.80%	-19,541	0	0	0	0	\$9.05
2011	132	3,373,455	502,857	14.90%	-38,120	0	0	0	0	\$7.54
2012	132	3,373,455	215,311	6.40%	287,546	0	0	0	0	\$7.29
2013	125	3,292,124	338,052	10.30%	-204,072	0	0	0	0	\$9.31
2014	125	3,292,124	310,118	9.40%	27,934	0	0	0	0	\$11.56
2015	125	3,292,124	254,705	7.70%	55,413	0	0	0	0	\$11.76
2016	125	3,292,124	195,913	6.00%	58,792	0	0	0	0	\$15.41
YTD	125	3,292,124	123,414	3.70%	72,499	0	0	0	0	\$15.60

Source: CoStar, Inc.; compiled by Newmark Knight Frank  
 Note: CoStar's Submarket Cluster Performance Trends is derived from CoStar's Property Analytics database which is a continuously updated to reflect current market conditions. These updates may result in inconsistencies when compared to CoStar's Submarket Cluster Snapshot data, which is derived from CoStar's Market Reports.



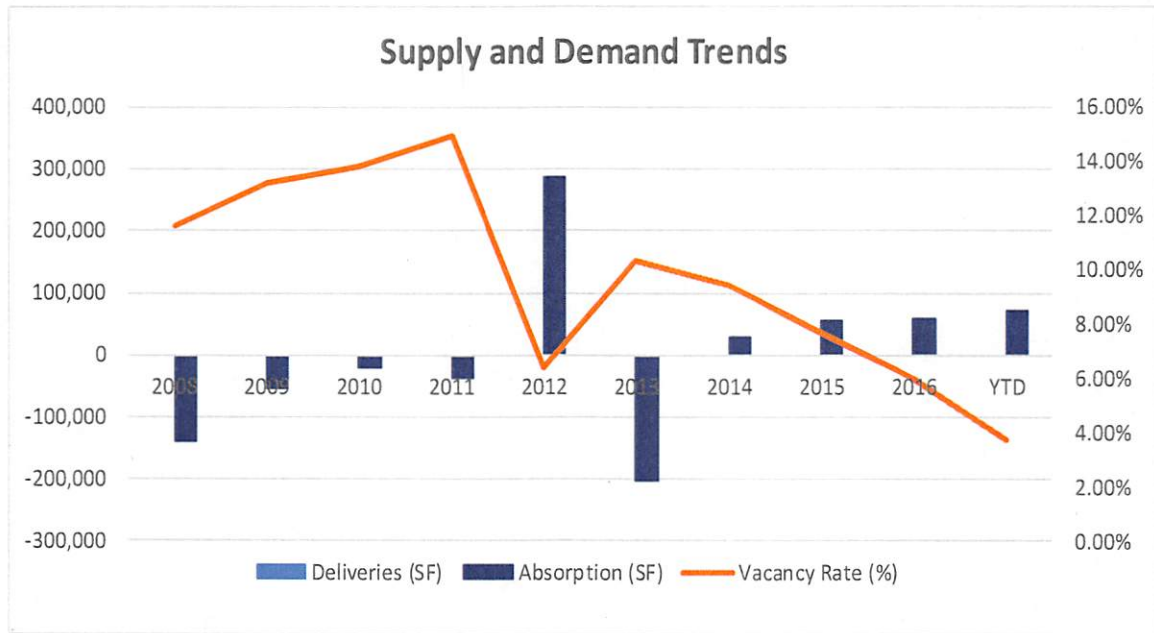
## District of Columbia Industrial Submarket Cluster Trends Key Takeaways



Source: CoStar, Inc.; compiled by Newmark Knight Frank

- The current vacancy rate in the submarket area is 3.70%; the vacancy rate has decreased dramatically, by 1,120 bps from 2011.
- Market rent averages \$15.60/SF in the submarket, and rents have increased by 106.90% from 2011.
- The building inventory count has decreased by -5.30% from 2011, while the total inventory size (SF) has decreased by -2.41%.





Source: CoStar, Inc.; compiled by Newmark Knight Frank

- There have not been any deliveries in the submarket area between 2011 and 2016.
- Between 2011 and 2016, absorption figures have averaged 31,249 SF annually, and reached a peak of 287,546 SF in 2012.

**Submarket Overview**

The subject is located in the Northeast industrial submarket as defined by CoStar. Current supply and demand statistics, including inventory levels, absorption, vacancy, and rental rates for warehouse space are presented in the following table.





Warehouse Industrial Submarket Statistics								
Submarket	Inventory (Bldgs)	Inventory (SF)	Vacancy (SF)	Vacancy (%)	Deliveries (SF)	Absorption (SF)	Construction (SF)	Market Rate (\$/SF)
Arlington County Ind	9	74,994	0	0.00%	0	0	0	\$0.00
Beltsville Ind	250	7,519,331	104,151	1.39%	0	25,116	0	\$7.92
Bethesda/Chevy Chase.	14	91,501	13,468	14.72%	0	-4,079	0	\$0.00
Bowie Ind	49	4,306,434	484,988	11.26%	103,000	91,121	0	\$6.25
Branch Ave Corridor .	135	2,906,508	162,646	5.60%	0	20,260	0	\$7.30
Brandywine/PG South .	20	1,111,970	423,000	38.04%	0	-396,000	0	\$5.23
Capitol Heights Ind	139	5,232,150	263,873	5.04%	0	15,991	144,001	\$7.55
Capitol Riverfront I.	13	406,983	0	0.00%	0	215,000	0	\$0.00
Chantilly/Fairfax In.	35	497,073	4,400	0.89%	0	12,050	0	\$16.63
Cheverly/Hyattsville.	378	6,785,934	365,008	5.38%	0	-172,534	0	\$6.98
Crystal City Ind	8	270,425	0	0.00%	0	0	0	\$0.00
Eisenhower Ave Corr .	36	864,524	0	0.00%	0	0	0	\$12.57
Falls Church/Baileys.	21	326,772	4,587	1.40%	0	1,500	0	\$15.20
Frederick County Ind	385	13,672,029	833,836	6.10%	0	232,639	192,000	\$6.74
Gaithersburg Ind	161	4,732,616	534,845	11.30%	0	-54,163	330,000	\$11.42
Germantown Ind	6	234,195	0	0.00%	0	0	0	\$0.00
Greenbelt Ind	6	188,081	0	0.00%	0	0	0	\$0.00
Herndon Ind	10	455,661	9,046	1.99%	0	-9,046	0	\$10.70
I-270 Corridor North.	20	210,899	11,848	5.62%	0	0	0	\$7.00
I-395 Corridor Ind	91	2,965,524	255,808	8.63%	0	-18,079	0	\$10.30
Kensington/Wheaton I.	53	397,440	12,398	3.12%	0	-12,398	0	\$9.34
Landover/Largo Ind	205	13,721,932	996,549	7.26%	0	56,314	311,000	\$6.91
Lanham Ind	31	1,535,846	232,975	15.17%	0	-121,453	0	\$8.85
Laurel Ind	49	2,564,676	335,001	13.06%	0	81,281	0	\$7.25
Leesburg Ind	15	196,697	0	0.00%	0	6,369	0	\$15.00
Manassas Ind	168	4,373,379	167,682	3.83%	0	-26,600	0	\$7.67
Merrifield Ind	52	1,656,577	41,499	2.51%	0	21,622	0	\$14.92
N Bethesda/Potomac I.	30	812,279	117,854	14.51%	0	-23,929	0	\$11.60
NatHbr/OxnHill/FtWas.	37	447,951	0	0.00%	0	1,380	0	\$17.87
NE Ind	379	8,394,368	290,620	3.46%	0	-16,615	0	\$14.68
Newington Ind	216	6,881,492	730,423	10.61%	0	-57,466	0	\$8.74
North Rockville Ind	103	3,265,882	119,369	3.66%	0	-32,130	0	\$11.07
NW Ind	35	743,042	18,000	2.42%	0	0	0	\$16.67
Oakton/Vienna Ind	17	287,712	6,800	2.36%	0	-6,350	0	\$18.75
Old Town Alexandria .	52	1,063,881	19,000	1.79%	0	-7,000	0	\$16.94
Penn Ave Corridor In.	132	3,850,133	546,156	14.19%	0	-117,004	167,033	\$6.68
Reston Ind	3	317,785	0	0.00%	0	0	0	\$0.00
Rockville Ind	148	3,002,121	240,456	8.01%	0	-23,712	0	\$12.10
Route 29 Corridor In.	20	517,973	40,866	7.89%	0	-16,416	0	\$15.41
Rt 28/Dulles North I.	292	16,095,221	1,074,097	6.67%	0	57,493	255,938	\$8.98
Rt 28/Dulles South I.	74	4,472,229	230,554	5.16%	0	41,704	0	\$8.31
Rt 29/I-66 Corridor .	202	7,686,977	279,732	3.64%	246,126	195,259	737,650	\$8.30
Silver Spring Ind	67	979,952	14,054	1.43%	0	-4,230	0	\$13.00
Springfield Ind	101	6,287,194	125,388	1.99%	0	187,871	0	\$8.93
SW/SE Ind	27	399,437	2,700	0.68%	0	17,527	0	\$13.29
Takoma Pk/College Pk.	46	1,175,174	146,018	12.43%	0	1,722	0	\$9.70
Tysons Corner/McLean.	9	486,561	22,775	4.68%	0	0	0	\$13.03
Upper Marlboro Ind	38	909,382	57,800	6.36%	0	17,157	0	\$5.79
Winchester City Ind	54	3,591,802	588,932	16.40%	0	-22,500	0	\$5.29
Woodbridge Ind	98	2,548,884	81,471	3.20%	0	-21,481	0	\$8.66
<b>Totals</b>	<b>4,539</b>	<b>151,517,583</b>	<b>10,010,673</b>	<b>6.61%</b>	<b>349,126</b>	<b>136,191</b>	<b>2,137,622</b>	<b>\$8.40</b>

Source: CoStar, Inc.; compiled by Newmark Knight Frank

### Northeast Submarket Snapshot

- Northeast contains 8.7% of the metro building inventory and 5.5% of the metro SF inventory.
- Market rate in Northeast is \$14.68/SF, which is greater than the metro area's average rate of \$8.40/SF.
- The Northeast vacancy rate is 3.46%, which is less than the metro area's average of 6.61%.



- Northsat has not had any construction in the latest period, however there has been 2,137,622 SF of construction in the overall metro area.
- Absorption in the most recent period was marginally negative, at -16,615 SF.

### **Industrial Market Outlook and Conclusions**

Based on the key metro area and submarket trends, construction outlook, and the performance of competing properties, Newmark expects the mix of property fundamentals and economic conditions in the District of Columbia metro area to have a positive impact on the subject property's performance in the near-term. Industrial/warehouse space inside the District is already limited, and has been shrinking rather than growing, despite increased demand for industrial uses in closer proximity to area households and businesses. This has led to sharp increases in market rents for good-quality industrial space.



## Retail Market Analysis

The following table depicts data provided by CoStar pertaining to retail properties in the subject's submarket of Ivy City/Brentwood/Langston.

As depicted in the chart below, the vacancy rate reported for retail properties in the subject's submarket is currently 3.9%. This represents a decrease from the 2015 vacancy rate of 8.6%. The current vacancy rate is at the lowest it has been within the last six years.

Triple net rents, as depicted in the chart below, have risen into the upper \$30 per square foot range, and are currently reported at \$38.35 per square foot, triple net. This represents an increase from the preceding few years (2015 to 2017), during which rents were reported in the \$19 to \$24/SF range.



Source: CoStar, Inc.

Overall, the outlook for the Ivy City/Brentwood/Langston retail submarket is positive. Ivy City is an up-and-coming neighborhood in which the current majority of retail uses consists of restaurants (Ivy City Smokehouse Tavern & Market, La Puerta Verde), bars (Dock FC, Republic Restoratives, Big Chief), large-format retail (Nike Factory Store, Petco, MOM's Organic Market) and specialty retail space (BicycleSpace, Bikram Hot Yoga). Market fundamentals have improved, with fast growing rental rates and vacancy rates recovering from a 2015 spike. Newmark Knight Frank believes that Ivy City will continue to mature as additional redevelopment activity continues and the residential population of the area grows.



# Property Analysis

## Land Description and Analysis

Land Description	
Land Area	2.48 acres; 108,029 SF
Source of Land Area	Other
Primary Street Frontage	Gallaudet
Shape	Rectangular
Corner	Yes
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	1100010036C
Date	September 27, 2010
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No
Zoning; Other Regulations	
Zoning Jurisdiction	District of Columbia
Zoning Designation	PDR-1
Description	Production, Distribution & Repair
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	A variety of industrial (production, distribution, warehouse, self-storage) uses, office, institutional, small format retail and several other uses by special exception
Minimum Side Yard (Feet)	No side yard is required except where a side lot line of the lot abuts a residential zone or a lot developed for residential use.
Minimum Rear Yard (Feet)	2.5 inches per one foot of vertical distance from the mean finished grade at the middle of the rear of the structure at the highest point of the main roof of parapet wall, but no less than twelve feet (12 feet)
Minimum Setbacks (Feet)	25 feet from each lot line that is directly abutting a lot in a residential zone or developed with residential uses, 25 feet that is abutting an alley that serves the zone boundary line between PDR zone and a residential zone, 15 feet shall be provided from each lot line except a front lot line that is abutting a street less than 70 feet in right-of-way width that serves at the zone boundary line between a PDR Zone and a residential zone
Maximum Building Height	50'
Maximum Floor Area Ratio	3.5, 2.0 for restricted uses
Green Area Ratio	0.3
Utilities	
Service	Provider
Water	DC Water
Sewer	DC Water
Electricity	PEPCO
Natural Gas	Washington Gas
Local Phone	Verizon

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required



### **Potential Development Density**

If the subject site were vacant, it could be developed at a FAR of up to 3.5 (378,102 square feet of gross floor area) based on the maximum development density permitted in the PDR-1 zone.

According to the District of Columbia Office of Planning, there are no pending or prospective zoning changes. It appears that the current use of the site (a school and a large parking lot) is a legally conforming use. However, the use proposed under the development program is not permissible under current zoning, which does not allow residential use and does not allow for the development density proposed (3.8 FAR). Further, a change to the subject's zoning designation to permit this use would require an amendment to the Comprehensive Plan. A Comprehensive Plan amendment cycle is currently underway, and the prospective developer (Ivy City Partners) has submitted an amendment request pursuant to this process.

Our value conclusions that reflect the proposed Development Program assume that such an amendment will occur, and that the Development Program will then be approved through a Planned Unit Development and/or Zoning Map Amendment. However, in the site's "as is" condition, the prospects for securing such entitlements would be highly speculative.

### **Other Land Use Regulations**

#### **ADU Act**

Pursuant to the Disposition of District Land for Affordable Housing Act of 2014 (the "ADU Act"), dispositions of real property owned by the District of Columbia for purposes of developing 10 or more multifamily housing units are subject to the requirement that the subsequent development designate either 20% or 30% of the new units as affordable housing for low-income and very low-income households. Based on the subject's location, the 20% ADU standard would ordinarily be applied. However, at the client's request, we have valued the property pursuant to the Development Program under both the 20% and 30% ADU requirement standards.

75% of the required affordable dwelling units (ADUs) are to be made available to households earning not more than 50% of area median income (AMI), with the remaining 25% of the ADUs affordable to households earning not more than 30% of AMI. These restrictions must remain in place through the life of the building. Because the subject property is owned by the District, a disposition of the property would necessitate that the purchaser and/or leaseholder comply with these regulations in developing the site for any residential use comprising 10 or more units. This requirement would have a substantial negative impact on the prospective and as-is value of the property in a residential use context.

#### **Historic Designation**

The subject property is listed in the National Register of Historic Places, and is also a designated DC Landmark. As these designations primarily relate to the improvements on the property, they will be discussed in detail in the Improvements Description and Analysis to follow.



### **Easements, Encroachments and Restrictions**

We have reviewed a letter prepared by Premium Title & Escrow LLC, dated September 1, 2016, which reports the results of a title search conducted for the subject property. This letter indicates that ownership of the property is vested under the District of Columbia by a deed dated June 27, 1910, recorded July 2, 1910 in Liber 3342 at folio 137 as Instrument No. 62 and be a deed dated December 29, 1933, recorded December 29, 1933 in Liber 6771 at folio 140 as Instrument No. 22977. The title search reported no mortgages, deeds of trusts, judgments, liens, civil action filings, building restriction lines, covenants, conditions, restrictions, easements, reservations, rights of way, or urban renewal plans encumbering the property as of August 19, 2016.

As noted, the property has been designated as a historic landmark by the District of Columbia, which imposes significant restrictions on an owner's ability to make alterations or additions to the existing improvements, and also prohibits demolition of the existing improvements.

Furthermore, our leasehold valuation of the property subject to the Development Program invokes the extraordinary assumption that the property will be subject to additional use restrictions as a function of the proposed ground lease and/or land use agreements.

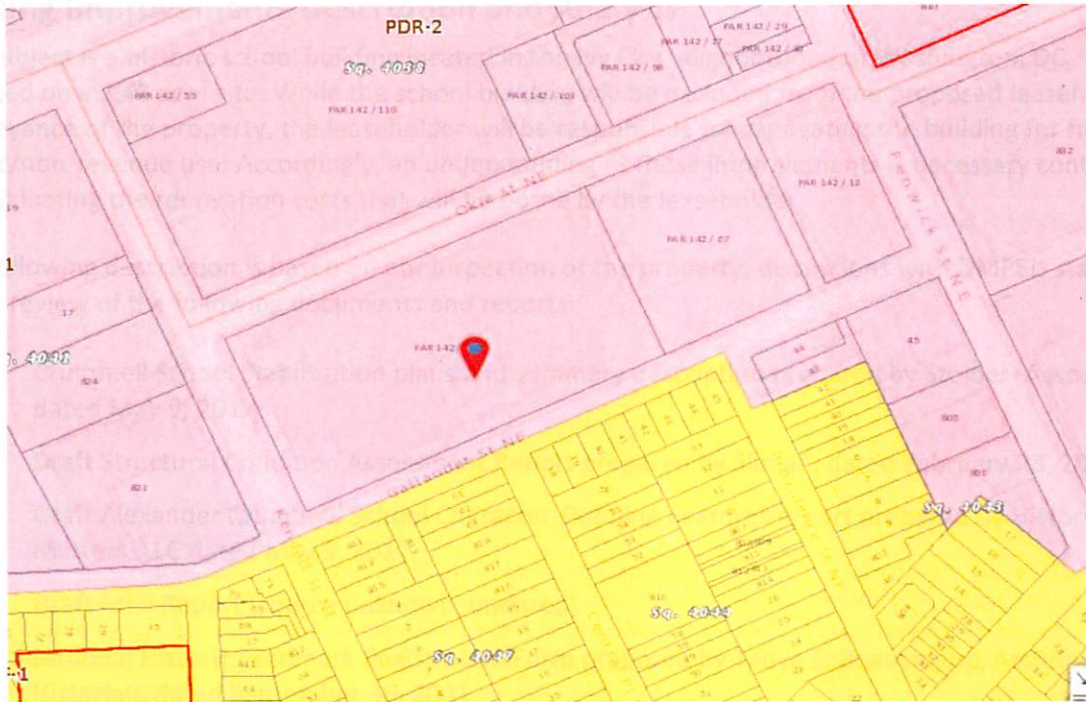
We are not aware of any other easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, except those specifically noted, and further assumes that the subject has clear and marketable title.

### **Conclusion of Land Analysis**

Overall, the physical characteristics of the site and its location in Ivy City – an up-and-coming neighborhood – result in marketability and functional utility suitable for a variety of uses. Residential use is not permitted under current zoning, and industrial or similar use would therefore be the most probable use of the site “as is,” given the lack of demand for office use in this location. As the property has been designated a historic landmark by the District of Columbia, demolition of the existing improvements is not permitted. These improvements substantially underutilize the site, but the leasehold conveyance of the remainder of the site would allow for development of this excess land.



### Tax Map



### Aerial View



## Existing Improvements Description and Analysis

The subject is a historic school building located in the Ivy City neighborhood of Washington, DC, situated on a 2.48 acre site. While the school building will be excluded from the proposed leasehold conveyance of the property, the leaseholder will be responsible for renovating the building for future public/non-revenue use. Accordingly, an understanding of these improvements is necessary context for evaluating the renovation costs that will be borne by the leaseholder.

The following description is based on our inspection of the property, discussions with DMPED staff, and a review of the following documents and reports:

- Crummell School Stabilization plans and summary description prepared by Stoiber+Associates dated May 9, 2017
- Draft Structural Condition Assessment Report prepared by Silman, dated February 28, 2017
- Draft Alexander Crummell School Character-Defining Features report prepared by History Matters, LLC dated May 9, 2017
- Draft MEP Report (source unknown, undated)
- National Historic Landmark Registration Form prepared by Tanya E. Beauchamp, Architectural Historian, dated September 30, 2001

### Existing Improvements Description

Name of Property	Crummell School
General Property Type	Institutional
Property Sub Type	School
Competitive Property Class	Historic
Occupancy Type	Vacant
Number of Buildings	1
Stories	2, plus basement
Construction Class	B
Construction Type	Reinforced concrete frame
Construction Quality	Average
Condition	Poor
Gross Building Area (SF)	26,508
Usable Area	20,173
Land Area (SF)	108,029
Floor Area Ratio (GBA/Land SF)	0.25
Building Area Source	GBA calculated from outer building envelope (94' x 94' x 3 levels); usable area as reported by Client
Year Built	1911
Year Renovated	1932
Actual Age (Yrs.)	106
Estimated Effective Age (Yrs.)	55
Estimated Economic Life (Yrs.)	55
Remaining Economic Life (Yrs.)	0





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### Construction Details

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Foundation	Continuous foundations under masonry walls, isolated spread foundations under two interior columns
Structural Frame	Concrete floor slabs supported by concrete encased steel beams, bearing on brick masonry walls and isolated steel columns
Exterior Walls	Brick
Roof	Steeply pitched standing seam metal roof; wood plank sheathing supported by wood joists
Heating	None
Air Conditioning	None
Sprinklers	None

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As described in the District of Columbia Inventory of Historic Sites:

#### **Alexander Crummell School**

Kendall & Gallaudet Streets NE

*This neighborhood public school stands like a small-town courthouse at the center of Ivy City. It has long been a focus of community life, supported by the Ivy City Citizens Association. The school was named in honor of Alexander Crummell, the noted African-American clergyman, activist, educator, and founder of the American Negro Academy. Built in 1911-12 as an eight-room schoolhouse (and expanded in 1932), the building typifies the freely adapted Elizabethan Revival inspiration favored by Snowden Ashford, the city's first Municipal Architect, before Colonial Revival designs became standard for the city's public schools. DC designation May 23, 2002; NR listing July 25, 2003; DC ownership*

#### **Occupancy Status**

The DC School Board closed the Crummell School on April 1977 and transferred the building to the Department of General Services. The Crummell School has been vacant ever since. In 2013, the surrounding area was paved for use as a parking/bus layover facility by USRC. By 2015, the city decided that the building required stabilization efforts in order to preserve the structure and its interior and exterior character. In late 2016/early 2017, various stabilization work was completed, including repairs to the roof and a new roof and a new roof membrane to prevent further deterioration.

#### **Improvements Analysis**

##### **Quality and Condition**

The improvements are of average quality historic construction. Designed by Snowden Ashford, the Municipal Architect for the District of Columbia, the Crummell School was constructed in 1911 and represented design and construction methods typical of the era. The original materials were of good quality, and many are still present (iron and cast iron decorative elements, columns, transoms, etc.; grained baseboards, moldings, and doors; marble, ceramic tile, and pine flooring).

The extended vacancy period has resulted in substantial deterioration. The current exterior condition is considered fair, with the exterior walls generally sound but exhibiting localized deterioration across much of the building façade (mortar loss, separation of wythes, brick spalling/deterioration, rusted



lintels). The interior condition, meanwhile, is considered poor. The ceiling at much of the second floor has collapsed or is in an advanced state of decay. Exposed steel beams throughout exhibit surface corrosion, and in some cases section loss. Numerous partitions and door support frames are loose or significantly degraded. The stairs also exhibit significant corrosion and section loss.

The Crummell School building will require a major renovation effort to render habitable or marketable for any conceivable use. We refer the reader to the photographs following this section for examples of typical interior conditions.

### **ADA Compliance**

We are not expert in ADA matters, and further study by an appropriately qualified professional would be recommended to assess ADA compliance. However, renovation for public use is expected to require ADA compliance to the extent possible, consistent with applicable historic preservation guidelines.

### **Historic Designation Implications and Considerations**

The DC Council enacted the city's first comprehensive historic preservation ordinance, the Historic Landmark and Historic District Protection Act (D.C. Law 2-144) in 1978. This law superseded the 1973 delay-in-demolition regulation and strengthened legal protections for designated historic properties. It also established the current DC Inventory of Historic Sites by merging the Landmarks List with the catalog of DC properties listed in the National Register of Historic Places. There are two primary types of historic designations administered by the District: landmarks and contributing structures to historic districts, with the subject falling into the former category.

Any modifications to designated landmark properties require review by the Historic Preservation Office (HPO), who are advised by the Historic Preservation Review Board (HPRB). In general, evaluation criteria require that the exterior of historic properties be preserved. Alterations to public-facing facades, entries, windows, etc. are highly discouraged and are prohibited in most cases. Where replacement of exterior building components (such as a roof) is required, they are to be replaced with historically appropriate (ideally identical) materials. In cases where alterations are essential to adapt the property for viable use in a modern context (e.g. to achieve ADA compliance), these alterations are to be done in such a fashion that they cause minimal disruption to the historic fabric of the property and the streetscape/neighborhood context it is situated in.

Expansion of historic properties is not prohibited, but requires approval from the HPO/HPRB, who have significant latitude in evaluating such proposals. The guidelines applied by the HPRB typically require that additions and expansions be clearly differentiated from the historic elements of the property and do not substantially alter the appearance, context or function of defining characteristics such as roof lines. In practice, these principles typically result in a requirement that any expansions/additions that rise above the roof line of the historic property being required to be substantially set back from the street and/or roof perimeter.

According to the draft report by History Matters, LLC, the following exterior/structural elements are historic character-defining features:



- Central brick chimney with molded cap and pressed metal cornice (most of original roof replaced due to water leakage);
- Brick elevations with original decorative brick, tile, stone and stucco panels;
- North and south entrance porticos, including brick columns with stone bases and capitals and herringbone-patterned floors.
- Structural system including exterior bearing walls, four interior masonry bearing walls, fire resistant stairs, and wood-framed classroom floors.”

In the case of the subject property, the historic designation extends to the interior of the property (one of only 13 buildings in the District so designated). As a result, renovations will require HPO/HPRB review of interior alterations as well. Preservation of interior elements contributing to the historic character of the property is expected to be required, and all interior work will be required to be compatible with the historic fabric of the building. Restoration and preservation of characteristic features, fixtures and finishes from within the period of significance that remain will likely be required.

According to the History Matters report, the following interior elements are historic character-defining features:

- Floorplan of first and second floors with four corner classrooms and attached cloakrooms, two center rooms, and center hall; patterned concrete floors with granite baseboards, tongue-and-groove wood flooring and molded wood baseboards; those in good condition should be retained.
- Basement construction elements (e.g. rounded brick corners); toilet facilities may be removed;
- Vestibules with patterned concrete floors and granite baseboards, original entrance doors and transoms;
- Stairways with original cast iron stringers, metal frame and glass walls, and cast iron balusters and newels;
- Original wood paneled doors and 8-paned glass transoms;
- Large double-hung wood sash windows, chalkboards, and wood trim in classrooms;
- Miscellaneous other items such as coat hooks in cloakrooms and two historic original electrical fixtures (drop lights)

All properties listed on the DC Inventory of Historic Sites are eligible for inclusion on the National Register of Historic Places (NRHP), and the Crummell School is listed on the NRHP. It should be noted that inclusion on the NRHP does not itself subject the property to Federal historic preservation regulations or requirements, as long as there are no Federal monies attached to the property. The



legal requirements associated with historic preservation emanate from the state (or in this case, District of Columbia) level.

Despite being a historic property listed on the National Register of Historic Places, the subject property would not be eligible for Federal historic preservation tax credits under the proposed leasehold disposition, for two reasons. First, these tax credits are not available to publicly-owned properties, and the Crummell School building would not be transferred to the leaseholder under the terms of the proposed outlease. Second, historic preservation tax credits are only available to properties that will be used for a business or other income-producing purpose, and the Crummell School has been designated for public/non-revenue use.

#### **Deferred Maintenance/Renovation Costs**

The property suffers from major deferred maintenance, rendering the building uninhabitable in its current condition. A wholesale renovation will be required to put the property back into service, which is likely to be extremely costly due to the scale of the deterioration and the property's designation as a DC historic landmark.

The developer's budget for renovation of the Crummell School is \$14 million, reflecting \$528 per square foot (usable). This amount excludes the developer's allocation of an additional \$2 million toward environmental remediation (to the larger site) and improvements to the open space surrounding the Crummell School. Per discussions with DMPED representatives, it is our understanding that this \$14 million figure represents the developer's maximum cost obligation for renovation of the Crummell School (i.e., any cost overruns beyond this amount would be the responsibility of the District of Columbia government).

As a test of reasonableness of this renovation cost estimate, we have gathered and analyzed information on the costs associated with a number of recent or proposed renovations of historic properties in the District, summarized on the following page.



**Historic Rehabilitation Cost Comparables**

	Year Built	Year Vacated	Size (SF)	Cost	Cost/SF
Thaddeus Stevens Elementary School	1868	2008	41,800	\$18,000,000	\$431
Designations: DC Inventory of Historic Sites, National Register of Historic Places					
Akridge Development was selected by the District to renovate this historic school in 2012. Akridge is renovating the Stevens School building for occupancy by a special needs school at a budgeted cost of \$18 million, but the District will retain ownership of the building. Akridge's motivation was that the site could accommodate an additional 130,000 square feet of development. They will ground lease the development site from the District; the net value of the ground lease was calculated at \$3 million based on a site value of \$175/SF FAR (\$21 million) less the \$18 million renovation budget. The school was reported to be in fair condition, with a sound structure, but some structural reconfiguration will be required for accessibility due to floors being at different heights in different parts of the building.					
Franklin School	1869	2008	47,000	\$25,000,000 \$30,000,000	\$532 \$638
Designations: DC Inventory of Historic Sites, National Register of Historic Places, US National Historic Landmark					
The cost range above reflects a range of estimates developed by Douglas Development, who bid on the subject property in response to a DC RFP in 2013, and did their own independent estimates of renovation costs. This budget range was intended to perform a thorough renovation of the building, but with final finish not included (TBD by the ultimate user, a boutique hotel per Douglas' proposal). Cost estimates prepared by Franklin School Development LLC reflected a similar figure of \$25 million to complete sufficient work for a certificate of occupancy to be issued, but excluding final finishes (estimated at an additional \$10 million for proposed use as a museum). During the RFP process, CoStar also proposed renovation of the property for office use, at a budgeted cost of \$35 million (\$744/SF), though this proposal also entailed constructing a new atrium at the rear of the building.					
Old Congress Heights School	1897/1914	1996	42,528	\$13,500,000	\$317
Designations: No formal designation					
This \$13.5 million cost budget reflects 2010 figures to renovate this building for public charter school use by Imagine Schools, including \$8.43 million in hard costs. The property had been used as a school until 1970, then as administrative offices and community space, and was shuttered for fire code violations from 1996 until the 2010 renovation.					
Andrew Mellon Building	1915	N/A	78,279 63,000	\$40,000,000 \$40,000,000	\$511 \$635
Designations: US National Register of Historic Places, US National Historic Landmark, NTHP conservation easement					
AEI recently completed a major renovation of the former headquarters of the National Trust for Historic Preservation. The renovation involved excavation, underpinning and construction of a new level below the existing basement, construction of a new central core structure, reinforcing the existing steel frame to accommodate a new penthouse (for roof access), and installation of new mechanical and electrical systems. The façade also underwent a complete restoration of the highly detailed limestone work. The property conveyed with historic preservation easements (protecting both interior and exterior historic features) that will be held by the seller in perpetuity. Grunley, the general contractor on the project, reported a budget of \$40 million, though some sources report costs in the \$50 million range. For analysis purposes, we have presented the cost per square foot based on both the post-renovation building area (including the proposed expansion) and the building area at the time of sale (63,000 square feet). AEI moved into their new space in August 2016.					
Old Post Office	1892	2001	300,000	\$200,000,000	\$667
Designations: National Register of Historic Places, contributing structure to historic district					
The Trump Organization was awarded a ground lease for this property by the GSA in 2013, and recently completed the renovation of the building as a high-end luxury hotel. 20% of the \$200 million budget was planned to be offset by historic preservation tax credits.					
Howard Theatre	1910	1980	15,000	\$29,000,000	\$1,933
Designations: National Register of Historic Places					
This 600-seat historic theater was renovated during 2010-2012 at a cost of \$29 million.					
Smithsonian Arts & Industries Building	1880	2006	80,000	\$72,000,000	\$900
Designations: National Historic Landmark, National Register of Historic Places					
Cost figures include \$55 million in roof and window work expended, plus an additional \$17 million to get building into "basic but habitable" shape.					



The most relevant cost comparables are Akridge's Budget for renovation of the Stevens School and the various budgets prepared for a renovation of the Franklin School. The Stevens School renovation budget of \$431 per square foot reflects a cost to renovate a historic school as a modern school serving special needs students. The building had significant deferred maintenance and required interior reconfiguration to unify different floor heights in expansion wings, as well as replacement of building systems, but was for the most part structurally sound. The Franklin School required significantly more structural work, with "all in" cost estimates ranging from \$638 to \$744/SF, or \$532/SF without final finishes. It should be noted that both of these estimates require adjustment for increases in construction costs since these budgets were prepared. Assuming 2.5% annual cost inflation, a current estimate for the Stevens School renovation would be approximately \$487/SF.

Considering the complexity and scope of these renovations in relation to the subject, we would expect renovation of the Crummell School to fall between these two cost estimates, which would be highly consistent with the development budgets for the subject property that were provided for our review.

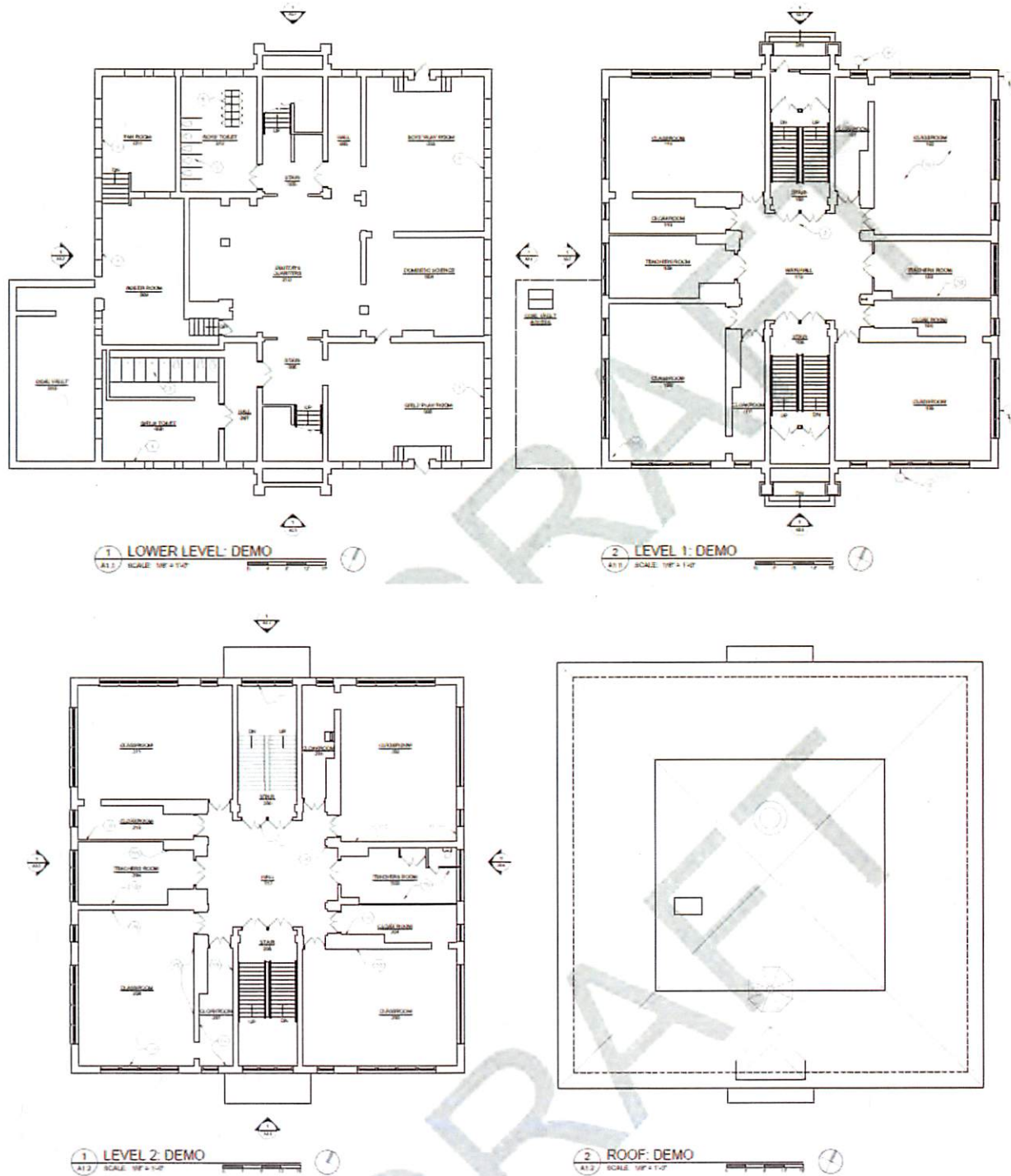
The other cost comparables presented are considered less reliable, but support the contention that a renovation of the subject is very likely to cost at least \$500 per square foot. Only one of the comparables reflects renovation costs significantly below this level. The Old Congress Heights School, renovated in 2010 at a cost of \$317 per square foot, had no formal historic designation, was situated on a large lot outside downtown that was conducive to construction staging, and did not require major structural work. In contrast, renovation costs for the Old Post Office, Howard Theatre, and Smithsonian A&I Building were well in excess of \$600 per square foot. While each of these properties reflected unique circumstances that would justify higher costs than a renovation of the subject, these comparables provide an indication of just how costly the renovation of a historic structure can be, and illustrate the magnitude of the downside risks in the event that unforeseen circumstances require upward revision of renovation cost budgets.

In addition to the data cited in the preceding table, we have also reviewed a proposed renovation budget for another historic institutional property of similar vintage located in downtown Washington, DC that we consider highly comparable to the subject. While confidentiality requirements prevent us from disclosing the identity of the property, its owner, or other identifying information, we can confirm that the owner's renovation budget, at \$525 to \$550/SF, is consistent with the other renovation cost data available.

In conclusion, the comparable cost data is consistent with the subject development budget. In our opinion, it is unlikely that the proposed renovation can be completed at a significantly lower cost than the \$14 million proposed budget, and it is possible that the cost of completing the renovation may exceed this figure. As noted, the developer's liability for completion of the proposed renovation is assumed to be capped at \$14 million.



### Floor Plans





(Photo Taken on September 22, 2017)



(Photo Taken on September 22, 2017)



(Photo Taken on September 22, 2017)



(Photo Taken on September 22, 2017)



(Photo Taken on September 22, 2017)



(Photo Taken on September 22, 2017)



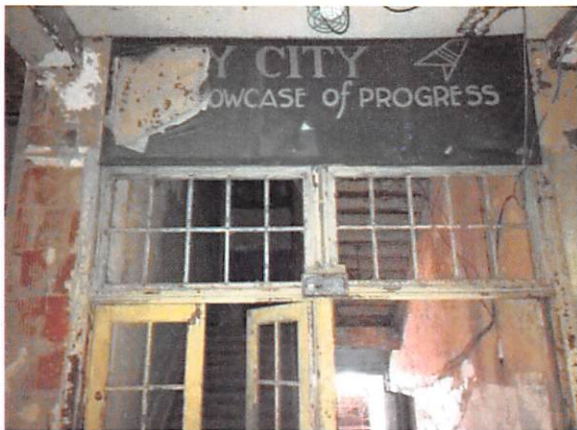




(Photo Taken on September 22, 2017)



(Photo Taken on September 22, 2017)



(Photo Taken on September 22, 2017)



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(Photo Taken on September 22, 2017)



## Proposed Improvements Description and Analysis

The subject is proposed to be improved with a mixed-use structure containing 375 multifamily dwelling units, along with 53,000 square feet of commercial space (10,000 square feet of street-level retail and 43,000 square feet of industrial space below grade). The following information describing the proposed project is based on our discussions with DMPED representatives and a review of renderings, floor plans and budgets prepared by the prospective developer.

### Proposed Improvements Description

Name of Property	Proposed Crummel Development
General Property Type	Mixed Use
Property Sub Type	Mid-Rise Multifamily with Retail and Industrial Uses
Competitive Property Class	A
Occupancy Type	Multi-Tenant
Percent Leased	0%
Number of Buildings	1
Stories	5, plus 2 levels below grade
Construction Class	B/D
Construction Type	Concrete podium with wood frame construction above
Construction Quality	Good
Condition	New at completion
Number of Units	375
Units per Acre (Density)	151.2
Gross Floor Area (SF) (ex. Crummell)	392,838
Multifamily Rentable Floor Area (SF)	270,400
Commercial Rentable Floor Area	53,000
Total Rentable Floor Area	323,401
Land Area (SF)	108,029
Floor Area Ratio (GBA/Land SF)	3.80 (including Crummell School)
Building Area Source	GBA per client (3.8 FAR, less 17,672 estimated above-grade floor area of Crummell School); rentable area per prospective developer
Year Built	2022 (Projected)
Estimated Economic Life (Yrs.)	60
Remaining Economic Life (Yrs.)	60
Number of Parking Spaces	312
Source of Parking Count	Prospective developer; includes 262 residential spaces and 50 spaces for retail/commercial use
Parking Type	Structured below grade
Parking Spaces/Unit	0.8

### Multifamily Unit Mix

The proposed multifamily unit mix in both the 20% ADU Scenario and the 30% ADU Scenario are shown on the following page.



### Unit Mix and Occupancy - 20% ADU Scenario

Unit Type	Unit Size	Total Units	Vacant Units	Occ. Units*	% Occ.
Studio	520	66	66	0	0%
Jr. 1 BR/1 BA	650	79	79	0	0%
1 BR/1 BA	700	66	66	0	0%
1 BR/1 BA + Den	850	43	43	0	0%
2 BR/2 BA	1,050	45	45	0	0%
Studio - 30% AMI	525	6	6	0	0%
Jr. 1 BR/1 BA - 30% AMI	650	5	5	0	0%
1 BR/1 BA - 30% AMI	700	3	3	0	0%
1 BR/1 BA + Den - 30% AMI	850	2	2	0	0%
2 BR/2 BA - 30% AMI	1,050	3	3	0	0%
Studio - 50% AMI	529	14	14	0	0%
Jr. 1 BR/1 BA - 50% AMI	650	14	14	0	0%
1 BR/1 BA - 50% AMI	700	12	12	0	0%
1 BR/1 BA + Den - 50% AMI	850	7	7	0	0%
2 BR/2 BA - 50% AMI	1,050	10	10	0	0%
<b>TOTAL/AVG.</b>	<b>721</b>	<b>375</b>	<b>375</b>	<b>0</b>	<b>0%</b>

\*Includes employee and model units, as applicable

### Unit Mix and Occupancy - 30% ADU Scenario

Unit Type	Unit Size	Total Units	Vacant Units	Occ. Units*	% Occ.
Studio	519	59	59	0	100%
Jr. 1 BR/1 BA	650	66	66	0	100%
1 BR/1 BA	700	59	59	0	100%
1 BR/1 BA + Den	850	39	39	0	100%
2 BR/2 BA	1,050	39	39	0	100%
Studio - 30% AMI	513	8	8	0	100%
Jr. 1 BR/1 BA - 30% AMI	650	6	6	0	100%
1 BR/1 BA - 30% AMI	700	7	7	0	100%
1 BR/1 BA + Den - 30% AMI	850	4	4	0	100%
2 BR/2 BA - 30% AMI	1,050	4	4	0	100%
Studio - 50% AMI	525	18	18	0	100%
Jr. 1 BR/1 BA - 50% AMI	650	21	21	0	100%
1 BR/1 BA - 50% AMI	700	19	19	0	100%
1 BR/1 BA + Den - 50% AMI	850	13	13	0	100%
2 BR/2 BA - 50% AMI	1,050	13	13	0	100%
<b>TOTAL/AVG.</b>	<b>721</b>	<b>375</b>	<b>375</b>	<b>0</b>	<b>100%</b>

\*Includes employee and model units, as applicable



## Commercial Space Inventory

The proposed distribution of commercial space types and the leasing status of each is displayed in the following table. Note that Profish is part of the prospective development team; accordingly, while a lease for this space has not been executed, the Profish lease terms described below are based on the development pro-forma.

### Rent Roll

Tenant	SF	Lease Start	Lease End	Term (Mos.)	Lease Type	Contract Rent	Contract Rent/SF/Yr
Profish Industrial	43,000	4/1/2022	3/31/2037	180	Triple Net	\$860,000	\$20.00
Profish Retail	5,000	4/1/2022	3/31/2037	180	Triple Net	\$100,000	\$20.00
Vacant - Spec Retail	5,000				Triple Net		
Total/Average*	53,000					\$960,000	\$20.00
Vacant SF	5,000	9%					
Leased SF	48,000	91%					

\*Average contract rent is based on leased square feet.

## Proposed Improvements Analysis

### Quality and Condition

The quality and condition of the subject is expected to be consistent with that of competing properties (i.e. Class A apartments and good-quality retail and industrial space). Expected multifamily unit features and project amenities are summarized below.

### Unit Features and Project Amenities

Unit Features	At Subject	Project Amenities	At Subject
Patios/Balcony	Select	Gated Entrance	
Fireplace		Swimming Pool	
Vaulted Ceilings		Spa/Hot Tub	
Dishwasher	x	Sauna	
Disposal	x	Covered Parking	
Trash Compactor		Garage/Under Building	x
Washer/Dryer Hookup		Tennis Court	
Washer/Dryer In Unit	x	Playground	
Storage in Unit		Clubhouse/Rec. Bldg.	x
Air Conditioning	x	Fitness Room	x
Carpets/Draperies/Blinds	x	Racquet Ball	
Walk-in Closets	x	Volleyball	
Stainless Steel Appliances	x	Basketball	
Hardwood Floors		Laundry Facility	
Microwaves	x	Storage	x
Granite Countertops	x	Security	



### Functional Utility

The improvements appear to be adequately suited to their proposed use, and there do not appear to be any significant items of functional obsolescence. We would note

### Conclusion of Improvements Analysis

In comparison to other competitive properties in the region, the subject improvements are rated as follows:

#### Improvements Ratings

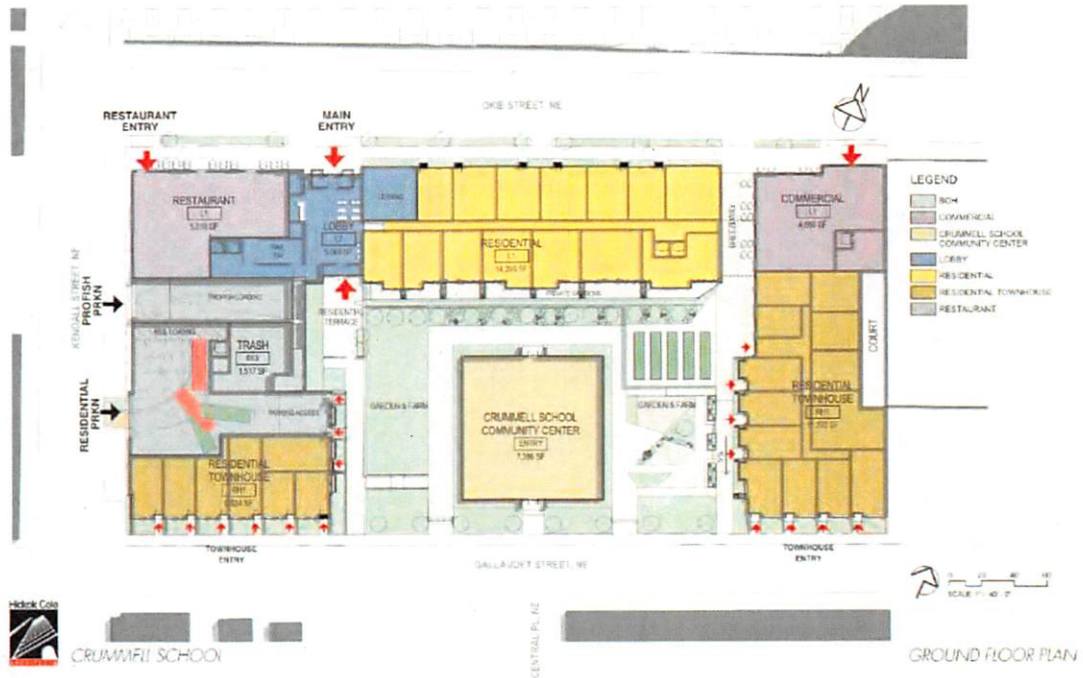
Access	Average
Visibility/Exposure	Below Average
Design and Appearance	Average
Age/Condition	Above Average
Adaptability of Space to other Retail Users	Average
Loading Docks	Average
Clear ceiling heights	Average
Room Sizes and Layouts	Average
Bathrooms	Average
Kitchens	Average
Parking Ratios	Above Average
Landscaping	Average
Unit Features	Average
Project Amenities	Average

Overall, the quality and condition of the proposed improvements is expected to be consistent with market standards for the property type. While the preliminary nature of the available building design and specifications prevents a detailed assessment of functional utility, materials, etc., no significant items of functional obsolescence or failure to conform to market standards for the product type were noted during our review of the available documents.

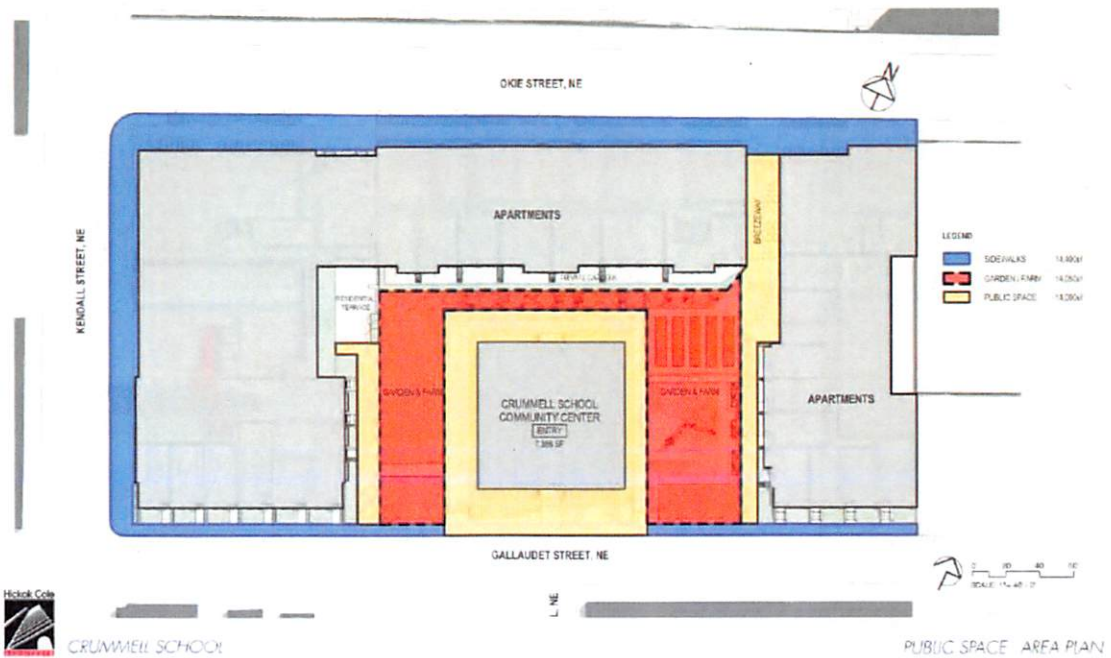


Floor/Site Plans

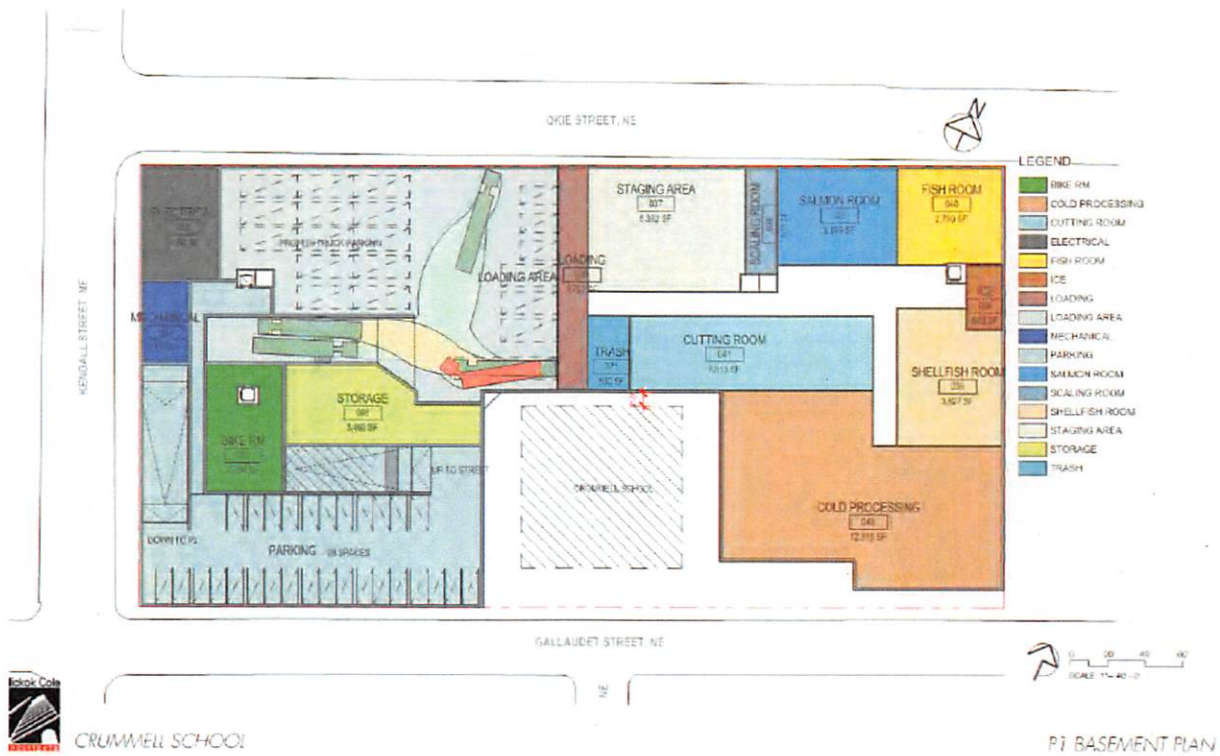
GROUND FLOOR PLAN



PUBLIC SPACE – AREA PLAN



# P1 BASEMENT PLAN



CRUMMELL SCHOOL



## Renderings

South Elevation



View from Okie Street NE toward Kendall Street NE





## Real Estate Taxes

The subject property is located in the District of Columbia, which administers the real estate tax assessment for the underlying parcel. Real estate taxes in this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property may be determined by dividing the assessed value for a property by 100, then multiplying the estimate by the appropriate property tax rate. In the District of Columbia, property tax rates vary by property types, with residential properties (including apartments) taxed at \$0.85 per \$100 in assessed value; commercial properties are taxed at \$1.65 per \$100 for the first \$3 million and \$1.85 per \$100 thereafter. Vacant properties are taxed in a special tax class (Class 3) at \$5.00 per \$100. Properties that are classified as “nuisance” or “blighted” properties are taxed at the Class 4 rate of \$10.00 per \$100. We note that vacant properties that are planned for development or are being actively marketed for sale or lease are generally exempt from classification as vacant for tax purposes.

Real estate taxes and assessments for the current tax year (October 1, 2016 through September 30, 2017) are shown in the following table.

Taxes and Assessments - 2017						
Tax ID	Assessed Value			Taxes and Assessments		
	Land	Improvements	Total	Tax Rate	Taxes	Total
PAR 01420022	\$3,000,000		\$3,000,000	1.650000%	\$49,500	\$49,500
PAR 01420022	\$2,401,450	\$1,315,980	\$3,717,430	1.850000%	\$68,772	\$68,772
	\$5,401,450	\$1,315,980	\$6,717,430		\$118,272	\$118,272

Based on the concluded market value of the subject, the assessed value appears to be significantly overstated. We note that the subject is currently exempt from taxation by virtue of ownership by the District of Columbia.

### Real Estate Tax Projection – Multifamily

As will be shown in the income capitalization approach, NKF has valued the subject via the direct capitalization method by applying market rents to all of the subject’s space. With this approach in mind, NKF considers it to be critical that projected real estate taxes reflect a stabilized level, as NOI associated with the multifamily component is directly impacted by the property’s tax burden.

The table below shows the pro forma we use in the direct capitalization method as if stabilized as of the current effective date (i.e., as of October 2017), except that **ad valorem** real estate taxes have been removed. **Ad valorem** real estate taxes have been removed because we are seeking to estimate real estate taxes by loading our going-in capitalization rate, a common method used by assessors and real estate tax attorneys.



<b>Loaded Going-in Capitalization Rate</b>			
	20% ADU Scenario Stabilized Pro Forma (As of 10/1/2017)	30% ADU Scenario Stabilized Pro Forma (As of 10/1/2017)	
	<u>\$ Amount</u>	<u>\$ Amount</u>	
<b>Income</b>			
Effective Gross Income	<u>\$8,581,563</u>	<u>\$7,953,408</u>	
<b>Expenses</b>			
Real Estate Taxes	\$0	\$0	
Insurance	\$112,500	\$112,500	
Utilities	\$412,500	\$412,500	
Repairs/Maintenance	\$450,000	\$450,000	
Painting & Decorating	\$93,750	\$93,750	
Payroll/Benefits	\$712,500	\$712,500	
Advertising & Marketing	\$75,000	\$75,000	
General/Administrative Management	\$187,500	\$187,500	
	\$300,355	\$278,369.29	
Replacement Reserves	\$112,500	\$112,500	
Total Expenses	<u>\$2,456,605</u>	<u>\$2,434,619</u>	
<b>Net Operating Income</b>	<u>\$6,124,958</u>	<u>\$5,518,789</u>	
Going-in Capitalization Rate (As Stabilized)	5.0000%	5.0000%	
Estimated Ad Valorem Tax Rate*	0.8500%	0.8500%	
<b>Loaded Capitalization Rate</b>	<u>5.8500%</u>	<u>5.8500%</u>	
Implied Assessed Value @ 100% of Market Value as of 1/1/2017	\$104,700,144	\$94,338,275	
Rounded	<u>\$104,700,000</u>	<u>\$94,300,000</u>	
@ 85.0% Assessed Value to Market Value Ratio	85.0%	<u>\$88,995,000</u>	<u>\$80,155,000</u>
Estimated Ad Valorem Tax Rate*	0.8500%	0.8500%	
Estimated Ad Valorem Taxes	\$756,458	\$681,318	
<b>Estimated Real Estate Taxes (As if Stabilized as of Current Time)</b>	<u>\$756,458</u>	<u>\$681,318</u>	
* Assumes constant tax rate at stabilization as the current tax year's tax rate.			

As shown above, we load our estimated, stabilized, going-in capitalization rate (4.75% - See Income Capitalization Approach) by the estimated tax rate (0.85%) to arrive at implied assessed values of \$104,700,000 and \$94,300,000 (rounded). These values imply that the assessed values represent 100% of market value.

Given assessed values typically lag market values, current buyer underwriting calls for marking real estate taxes to 80% to 90% of market value (despite regulations stating that assessed values should reflect 100% of market value). As such, we have applied a ratio of 85% to our implied assessed value in order to estimate real estate taxes for the subject as if stabilized.

#### Real Estate Tax Projection – Retail/Industrial

For the subject's retail and industrial space, we expect the property to be pre-leased prior to delivery. Typically, retail/industrial tenants in the market have a triple net lease structure where the tenant covers all operating expenses including real estate taxes. As a result, we assume that the developer will not be responsible for the real estate taxes on the proposed retail space, as a carrying cost going forward.



## Highest and Best Use

### Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

### As If Vacant

#### Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

#### Legally Permissible

The site is zoned PDR-1, Production, Distribution & Repair. Permitted uses include a variety of industrial (production, distribution, warehouse, self-storage) uses, office, institutional, small format retail and several other uses by special exception. These uses are limited to a 3.5 FAR while most of the uses granted by special exception are limited to a FAR of 2.0. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only industrial/commercial use is given further consideration in determining highest and best use of the site, as though vacant, in the as-is valuation.

Note: in the two valuation scenarios that are based on the Development Program, we assume that the leasehold conveyance restricts the use of the site to the specific use(s) described in the respective Development Scenarios. Accordingly, in these analyses, development per the specified program is considered the only legally permissible use, and thus the highest and best use of the site.

#### Financially Feasible

Based on our analysis of the market, there is currently adequate demand for industrial and self-storage in the subject's area. There is little to no demand for office space in the subject's area due to a large abundance of vacant office space in the more centrally located submarkets in Washington, DC. It appears that a newly developed self-storage or industrial/commercial use on the site would have a value commensurate with its cost. Therefore, self-storage and industrial/commercial use are considered to be financially feasible.

#### Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than self-storage use. Self-storage is determined to have a higher residual land



value based primarily on the FAR of the site. While traditional industrial uses could build to a FAR of 3.5, the same as self-storage, it is highly uncommon for these uses to be larger than a single story. Additionally, these traditional types of industrial uses typically require more space for parking/truck access. By incorporating a larger amount of parking area, it takes away from the site coverage and would require an industrial building to go higher to achieve the maximum FAR. Self-storage use requires minimal parking area, which allows for maximum site coverage as well as being able to go up several stories to reach the maximum FAR. Accordingly, it is our opinion that self-storage use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property. However, it is possible that some other specialized industrial/commercial use may generate similar returns to the underlying land.

### **Conclusion**

Development of the site for industrial use, most likely self-storage, is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as if vacant.

### **As Improved**

A portion of the subject site is developed with a 20,173 square foot vacant school building, which is not consistent the highest and best use of the site as if it were vacant. However, the leasehold interest being analyzed would not include a transfer of the school building itself. Accordingly, an analysis of the highest and best use of the property as improved is not applicable. We do note that an outlease of the site would, per the Extraordinary Assumptions employed in our analysis, require that the Crummell School building be renovated at the leaseholder's expense and put to public/non-revenue use.

### **Most Probable Buyer**

Taking into account the size and characteristics of the property, the likely buyer is a local or regional developer.



# Valuation

## Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

In the valuation of the property "as is," we rely exclusively on the sales comparison approach, which is the most reliable method of valuing vacant land provided that sufficient comparable sale data exists.

In the two development scenario valuations, the subject will be impacted by unique development requirements that make the sales comparison approach inapplicable. We have therefore valued the property on a residual basis, in which we develop an opinion of the prospective value of the property proposed in the Development Program upon completion and stabilization. To value the property at stabilization, we rely on the income approach as the only applicable methodology that captures the impact of the Development Program requirements (e.g. ADU mandates) on the value of the property. To convert this future value opinion to a current value, we apply adjustments for the cost of constructing the proposed project, necessary entrepreneurial profit, and other ancillary specific to the property that are not captured in the primary analysis (e.g. cost of renovating the Crummell School).



## Land Valuation (As-Is)

To develop an opinion of the subject's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. Our search for comparable sales focused on transactions within the following parameters:

- Location: Northeast Washington, DC
- Size: 0.5 to 5 acres
- Use/Zoning: PDR/CM or similar industrial/commercial zoning

For this analysis, we use price per square foot of land as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table.

### Summary of Comparable Land Sales

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Zoning	\$/SF Land
1	2nd Street NE Self Storage 5600 2nd St. NE. Washington DC	Mar-17 Closed	\$8,250,000	56,427 1.30	PDR-1	\$146.21
<i>Comments: This represents the sale of about 1.30 acres of land for the purposes of redevelopment to a 164,160 SF self storage facility with 26 parking spaces. The site is zoned PDR-1 which allows for an FAR of 3.5 and the development is planned to reach a FAR of 3.44. After delivery of the new facility in Q3 2018, CubeSmart will manage the four story building.</i>						
2	2800 8th Street NE 2800 8th St. NE. Washington DC	Oct-14 Closed	\$1,700,000	28,314 0.65	C-M-2 (Now PDR-2)	\$60.04
<i>Comments: The buyer of this site, located near the Forst Totten Metro and a new Walmart, intended to develop the site with a 899 unit climate controlled self storage facility. The improvements will have five stories, 112,00 gross square feet, and 70,450 square feet of net rentable area. Construction began shortly after closing, as the site was fully entitled at the time of sale. The buyer had also obtained a no further action letter from DOE related to suspected contamination from a previous use.</i>						
3	Pappas Property 1401 Okie St. NW. Washington DC	Aug-14 Closed	\$8,400,000	78,950 1.81	C-M-1 (Now PDR-1)	\$106.40
<i>Comments: This warehouse property, located off of New York Avenue in Ivy City behind the Hecht warehouse, had served as the main facility for a local produce distributor since the late 1970s. They had outgrown the space, and had listed it for sale off and on since about 2009. The most recent offering attracted some interest from both owner-users interested in continuing the current use, but Douglas Development, who are in the midst of a major mixed-use redevelopment effort involving several nearby properties, offered the highest price. Douglas plans to redevelop the site, with the precise use mix undetermined. This may involve retaining/reusing some of the existing building shell, but the buyer assigned no value to the existing improvements. Existing C-M-1 zoning allows for an FAR of 3.0 but prohibits residential use, which is consistent with the site's comprehensive plan designation.</i>						

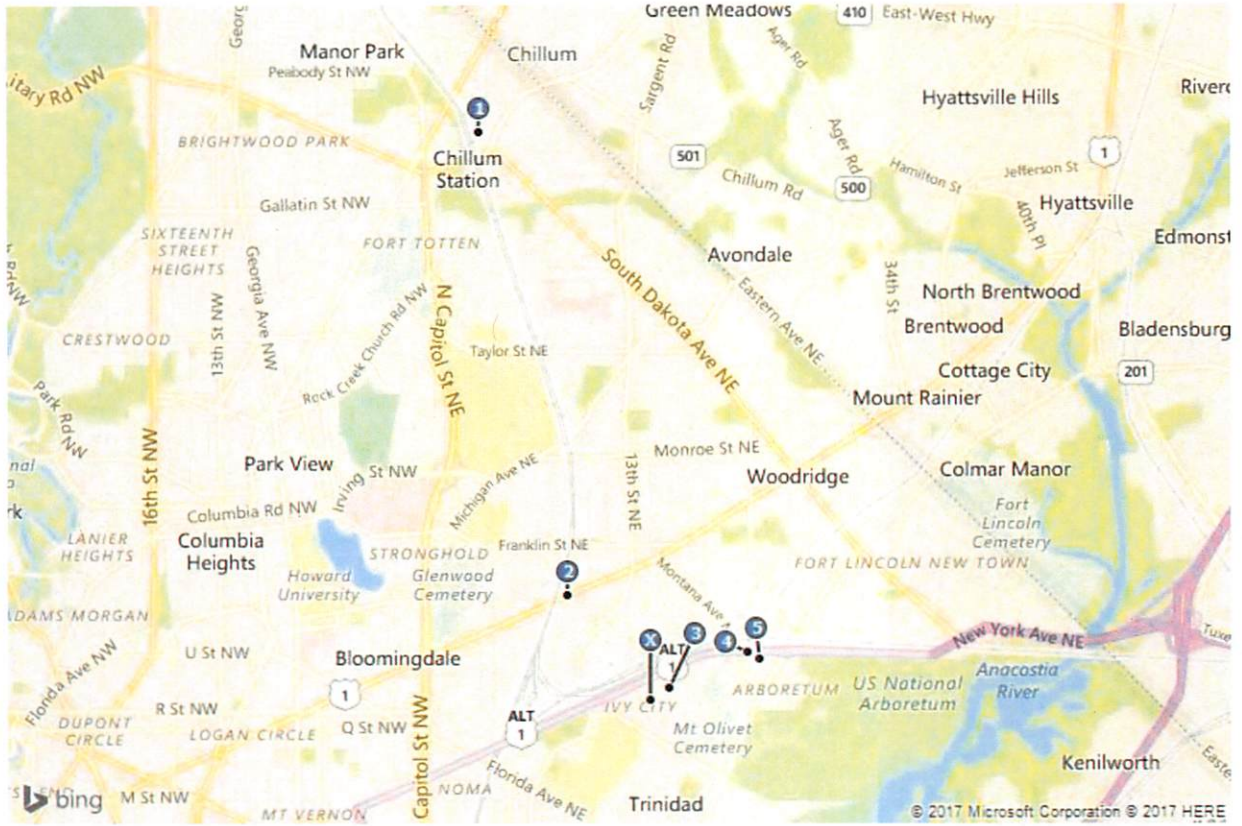


**Summary of Comparable Land Sales**

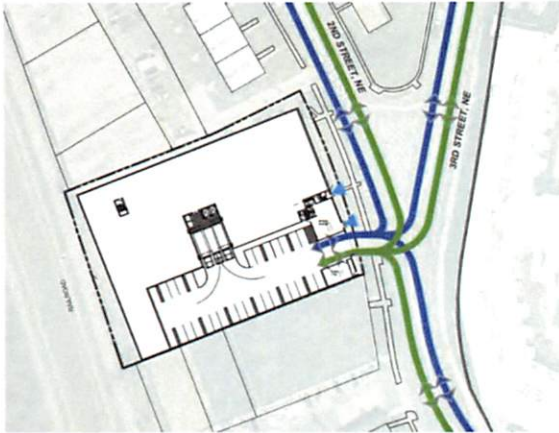
No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Zoning	\$/SF Land
4	New York Avenue Self Storage Site 1850 New York Ave. NE. Washington DC	Jun-14 Closed	\$6,875,000	68,825 1.58	C-M-1 (Now PDR-2)	\$99.89
<p><i>Comments: This is the sale of a vacant lot totaling 1.58 acres along the north side of New York Avenue, NE. The buyer intend to develop the site with a multi-story self storage facility. The final plans have not been completed, but the property could be developed with approximately 200,000 gross square feet of building area.</i></p>						
5	2001-2115 New York Avenue NE 2001-2115 New York Ave. NE. Washington DC	Dec-14 Closed	\$8,250,000	56,000 1.29	C-M-1 Commercial (Now MU-5B)	\$147.32
<p><i>Comments: Douglas Development signed a contract to purchased this New York Avenue NE site in January 2014, and ultimately settled the sale in December 2014. The buyer paid cash and planned to take out financing after the sale closed. At the time of settlement, Douglas had most of the remainder of this large block (bounded by New York, Montana, and Bladensburg) totalling 14.53 acres of additional land area under contract at pricing ranging from \$107 to \$120 per square foot of land area. The site was zoned C-M-1 at the time of sale, but a re-zoning to C-2-B was pending per the Office of Zoning. These sites had previously been planned for various large scale mixed-use developments including a 3.5 million square foot (5.0 FAR) mixed-use PUD planned by Jim Abdo and a Walmart-anchored town center by developer Rick Walker, but these plans never came to fruition due to various external factors. Douglas plans to demolish the remaining improvements and develop a large-scale town center on the assembled site once their ongoing Hecht Warehouse District redevelopment (located a half-mile to the west) is further along.</i></p>						
<b>Subject</b>				108,029	PDR-1	
Crummell School				2.48		



### Comparable Land Sales Map







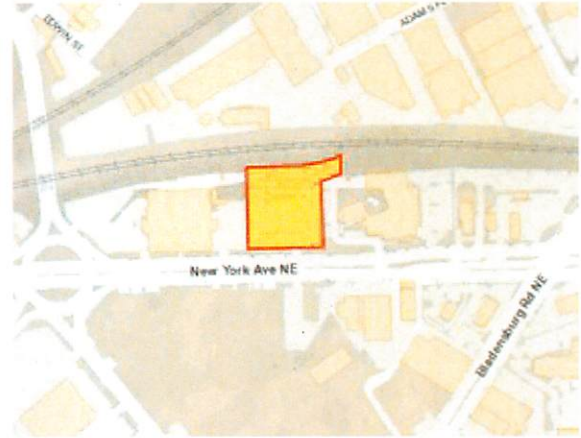
Sale 1  
2nd Street NE Self Storage



Sale 2  
2800 8th Street NE



Sale 3  
Pappas Property



Sale 4  
New York Avenue Self Storage Site





Sale 5  
2001-2115 New York Avenue NE

Crummell School



### Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as demolition cost or expenditures by buyer at time of purchase.	
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	All of the sales have been adjusted upward annually by 2% to reflect the generally improving market conditions over the past few years.
Location	Market or submarket area influences on sale price; surrounding land use influences.	Sale 1 has been adjusted downward by 10% to account for the superior location in a neighborhood with a larger amount of residents in the immediate vicinity and proximity to complementary uses. For self-storage use, this is one of the most important factors in attracting tenants. Sale 2 has been adjusted upward due to more limited residential demand growth prospects in the immediate vicinity.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility; traffic counts.	Sale 2 has been adjusted upward by 10% because it has inferior access and exposure. The subject is located just off of New York Avenue which is one of the most well-traveled thoroughfares in Washington DC. Sales 4 and 5 have frontage directly on New York Avenue and are



Adjustment Factor	Accounts For	Comments
Size	Relationship that often exists between parcel size and unit value.	adjusted downward. Sale 2 is adjusted upward for its smaller size, which is considered suboptimal for self-storage and similar alternative uses.
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.	No adjustments required.
Zoning	Government regulations that affect the types and intensities of uses allowable on a site.	Sale 5 has been adjusted downward because the zoning of the site was expected to change to allow for residential use and increased development density.
Entitlements	The specific level of governmental approvals attained pertaining to development of a site.	Sale 1 has been adjusted down by 10% because the site was fully entitled for development of self-storage at the time of the sale, allowing for immediate development.



The following table summarizes the adjustments we make to each sale.

<b>Land Sales Adjustment Grid</b>						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Name	Crummell School	2nd Street NE Self Storage	2800 8th Street NE	Pappas Property	New York Avenue Self Storage Site	2001-2115 New York Avenue NE
Address	1900 Gallaudet Street NE	5600 2nd St. NE.	2800 8th St. NE.	1401 Okie St. NW.	1850 New York Ave. NE.	2001-2115 New York Ave. NE.
City	Washington	Washington	Washington	Washington	Washington	Washington
State	District of Columbia	DC	DC	DC	DC	DC
Sale Date		Mar-17	Oct-14	Aug-14	Jun-14	Dec-14
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$8,250,000	\$1,700,000	\$8,400,000	\$6,875,000	\$8,250,000
Square Feet	108,029	56,427	28,314	78,950	68,825	56,000
Acres	2.48	1.30	0.65	1.81	1.58	1.29
<b>Price per Square Foot</b>		<b>\$146.21</b>	<b>\$60.04</b>	<b>\$106.40</b>	<b>\$99.89</b>	<b>\$147.32</b>
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-	-
Financing Terms		Cash to seller -	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-	-	-
Conditions of Sale		-	-	-	-	-
% Adjustment		-	-	-	-	-
Market Conditions	9/22/2017	Mar-17	Oct-14	Aug-14	Jun-14	Dec-14
Annual % Adjustment	2%	1%	6%	6%	7%	6%
<b>Cumulative Adjusted Price</b>		<b>\$147.67</b>	<b>\$63.64</b>	<b>\$112.78</b>	<b>\$106.88</b>	<b>\$156.16</b>
Location		-10%	15%	-	-	-
Access/Exposure		-	10%	-	-5%	-15%
Size		-	10%	-	-	-
Shape and Topography		-	-	-	-	-
Zoning		-	-	-	-	-15%
Entitlements		-10%	-	-	-	-
Net \$ Adjustment		-\$29.53	\$22.28	\$0.00	-\$5.34	-\$46.85
Net % Adjustment		-20%	35%	0%	-5%	-30%
<b>Final Adjusted Price</b>		<b>\$118.13</b>	<b>\$85.92</b>	<b>\$112.78</b>	<b>\$101.54</b>	<b>\$109.31</b>
Overall Adjustment		-19%	43%	6%	2%	-26%
<b>Range of Adjusted Prices</b>		<b>\$85.92 - \$118.13</b>				
<b>Average</b>		<b>\$105.54</b>				
<b>Indicated Value</b>		<b>\$115.00</b>				



### Land Value Conclusion

Prior to adjustment, the sales reflect a range of \$60.04 - \$147.32 per square foot. After adjustment, the range is narrowed to \$85.92 - \$118.13 per square foot, with an average of \$105.54 per square foot. We give greatest weight to Sales 1, 3 and 4. Sale 1 is the most recent sale and has the same planned use as the subject's highest and best use. Sales 3 and 4, meanwhile, reflect two different proposed uses but are both located very near the subject and zoned identically, and reflect consistent land pricing.

As discussed, the Crummell School building itself would not convey as part of the proposed leasehold. We have therefore applied our concluded land value per square foot to an area somewhat smaller than the full 108,029 square feet comprised in the existing tax lot. The Crummell School has a footprint of approximately 94' x 94', or 8,836 square feet. Including an additional allowance for sidewalks and access, we estimate the land area necessary to support the Crummell School at  $\pm 10,000$  square feet. The "effective" site area to be conveyed is therefore estimated at 98,029 square feet. We therefore conclude to a land value of \$11,273,335 [ $\$115.00/\text{SF} \times 98,029 \text{ SF}$ ].

Per the terms of the proposed leasehold disposition, a party acquiring the leasehold interest would be responsible for renovating the Crummell School building. As discussed, we are of the opinion that the developer's budget of \$14 million to renovate the Crummell School is reasonable, and reflective of the expectations of a typical purchaser.

Finally, we must consider the fact that a prospective purchaser of the subject property would need to be incentivized to acquire the site in the context of their responsibility to renovate the Crummell School (as opposed to acquiring a site with no such requirement), in the form of a profit earned on the renovation costs. Under the proposed leasehold disposition structure, the developer's downside risk would be limited to the \$14 million project budget, with the District of Columbia responsible for any cost overruns. This sharply limits the risk that the developer would be taking on, and also introduces potential additional profit to the developer in the event that the renovation may be completed for less than the budgeted amount. Accordingly, an appropriate entrepreneurial profit would be limited to compensation for construction management overhead and project supervision (above and beyond general contractor overhead and profit), which we estimate at 5% of the \$14 million renovation cost, or \$700,000.

Despite the limited entrepreneurial incentive requirement, application of these adjustments indicates that the value of the property, as conveyed with the stipulated leasehold obligations, is significantly negative, as the budgeted Crummell School renovation cost exceeds the value of the remainder site, even before accounting for entrepreneurial incentive.



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**Land Value Conclusion (As-Is Leasehold)**


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Indicated Value per Square Foot	\$115.00
Subject Square Feet	98,029
Indicated Value	\$11,273,335
Adjustments	
Renovation Cost	-\$14,000,000
Entrepreneurial Incentive	-\$700,000
Total Adjustments	-\$14,700,000
Indicated Value	-\$3,426,665
Rounded	-\$3,400,000

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Based on this analysis, we conclude that the value of the land "as is" is insufficient to offset the expected costs of renovating the Crummell School. Accordingly, the market value of the property under this scenario is judged to reflect only the nominal consideration that a philanthropically motivated buyer may agree to pay to affect a transfer of the real estate and thereby serve the public interest through the subsequent undertaking of the renovation the property, with those costs only partially offset by the value of the subject land.



## Income Capitalization Approach – Multifamily

The income capitalization approach converts anticipated economic benefits of owning real property into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the revenue potential of the property.
- Consider appropriate allowances for vacancy, collection loss, and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential income.
- Apply the most appropriate capitalization method, either direct capitalization or discounted cash flow analysis, or both, to convert anticipated net income to an indication of value.

The two most common capitalization methods are direct capitalization and discounted cash flow analysis. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate.

In this analysis, we use only direct capitalization because investors in this property type typically rely more on this method.

### Occupancy and Rental Rates

The unit mix and occupancy status of the subject are shown in the following tables for the 20% ADU scenario and the 30% ADU scenario. The floor plans are combined into fewer unit types for the purposes of analysis.





**Unit Mix and Occupancy - 20% ADU Scenario**

Unit Type	Unit Size	Total Units	Vacant Units	Occ. Units*	% Occ.
Studio	520	66	66	0	0%
Jr. 1 BR/1 BA	650	79	79	0	0%
1 BR/1 BA	700	66	66	0	0%
1 BR/1 BA + Den	850	43	43	0	0%
2 BR/2 BA	1,050	45	45	0	0%
Studio - 30% AMI	525	6	6	0	0%
Jr. 1 BR/1 BA - 30% AMI	650	5	5	0	0%
1 BR/1 BA - 30% AMI	700	3	3	0	0%
1 BR/1 BA + Den - 30% AMI	850	2	2	0	0%
2 BR/2 BA - 30% AMI	1,050	3	3	0	0%
Studio - 50% AMI	529	14	14	0	0%
Jr. 1 BR/1 BA - 50% AMI	650	14	14	0	0%
1 BR/1 BA - 50% AMI	700	12	12	0	0%
1 BR/1 BA + Den - 50% AMI	850	7	7	0	0%
2 BR/2 BA - 50% AMI	1,050	10	10	0	0%
<b>TOTAL/AVG.</b>	<b>721</b>	<b>375</b>	<b>375</b>	<b>0</b>	<b>0%</b>

\*Includes employee and model units, as applicable

**Unit Mix and Occupancy - 30% ADU Scenario**

Unit Type	Unit Size	Total Units	Vacant Units	Occ. Units*	% Occ.
Studio	519	59	59	0	100%
Jr. 1 BR/1 BA	650	66	66	0	100%
1 BR/1 BA	700	59	59	0	100%
1 BR/1 BA + Den	850	39	39	0	100%
2 BR/2 BA	1,050	39	39	0	100%
Studio - 30% AMI	513	8	8	0	100%
Jr. 1 BR/1 BA - 30% AMI	650	6	6	0	100%
1 BR/1 BA - 30% AMI	700	7	7	0	100%
1 BR/1 BA + Den - 30% AMI	850	4	4	0	100%
2 BR/2 BA - 30% AMI	1,050	4	4	0	100%
Studio - 50% AMI	525	18	18	0	100%
Jr. 1 BR/1 BA - 50% AMI	650	21	21	0	100%
1 BR/1 BA - 50% AMI	700	19	19	0	100%
1 BR/1 BA + Den - 50% AMI	850	13	13	0	100%
2 BR/2 BA - 50% AMI	1,050	13	13	0	100%
<b>TOTAL/AVG.</b>	<b>721</b>	<b>375</b>	<b>375</b>	<b>0</b>	<b>100%</b>

\*Includes employee and model units, as applicable

As of the effective valuation date, the subject is 0% leased and occupied because it is still a proposed property; therefore, the property is not at stabilized occupancy, which is considered in our analysis.



A summary of rental rate by unit type for each ADU scenario is shown next.

### Subject Rental Rates - 20% ADU Scenario

Unit Type	Average Unit Size	Total Units	Asking Rent <sup>1</sup>	
			Average	Avg. \$/SF
Studio	520	66	\$1,906	\$3.66
Jr. 1 BR/1 BA	650	79	\$2,075	\$3.19
1 BR/1 BA	700	66	\$2,175	\$3.11
1 BR/1 BA + Den	850	43	\$2,475	\$2.91
2 BR/2 BA	1,050	45	\$2,750	\$2.62
Studio - 30% AMI	525	6	\$410	\$0.78
Jr. 1 BR/1 BA - 30% AMI	650	5	\$410	\$0.63
1 BR/1 BA - 30% AMI	700	3	\$371	\$0.53
1 BR/1 BA + Den - 30% AMI	850	2	\$371	\$0.44
2 BR/2 BA - 30% AMI	1,050	3	\$410	\$0.39
Studio - 50% AMI	529	14	\$790	\$1.49
Jr. 1 BR/1 BA - 50% AMI	650	14	\$790	\$1.22
1 BR/1 BA - 50% AMI	700	12	\$778	\$1.11
1 BR/1 BA + Den - 50% AMI	850	7	\$778	\$0.92
2 BR/2 BA - 50% AMI	1,050	10	\$899	\$0.86
<b>TOTAL/AVG.</b>	<b>721</b>	<b>375</b>	<b>\$1,912</b>	<b>\$2.65</b>

1. Includes employee & model units, if any.



**Subject Rental Rates - 30% ADU Scenario**

Unit Type	Average Unit Size	Total Units	Asking Rent <sup>1</sup>	
			Average	Avg. \$/SF
Studio	519	59	\$1,904	\$3.66
Jr. 1 BR/1 BA	650	66	\$2,075	\$3.19
1 BR/1 BA	700	59	\$2,175	\$3.11
1 BR/1 BA + Den	850	39	\$2,475	\$2.91
2 BR/2 BA	1,050	39	\$2,750	\$2.62
Studio - 30% AMI	513	8	\$410	\$0.80
Jr. 1 BR/1 BA - 30% AMI	650	6	\$410	\$0.63
1 BR/1 BA - 30% AMI	700	7	\$371	\$0.53
1 BR/1 BA + Den - 30% AMI	850	4	\$371	\$0.44
2 BR/2 BA - 30% AMI	1,050	4	\$410	\$0.39
Studio - 50% AMI	525	18	\$790	\$1.50
Jr. 1 BR/1 BA - 50% AMI	650	21	\$790	\$1.22
1 BR/1 BA - 50% AMI	700	19	\$778	\$1.11
1 BR/1 BA + Den - 50% AMI	850	13	\$778	\$0.92
2 BR/2 BA - 50% AMI	1,050	13	\$899	\$0.86
<b>TOTAL/AVG.</b>	<b>721</b>	<b>375</b>	<b>\$1,761</b>	<b>\$2.44</b>

1. Includes employee & model units, if any.

For our appraisal, we assume the utility expense structure is typical of other multifamily properties in the market as shown in the following table.

**Utilities Expenses**

Tenant-Paid Utilities	Owner-Paid-Utilities
In-Unit Electric	Common Area Electric
Electric Cooking	Common Area Water
Electric Heat	
Sewer	
Hot Water	
Cold Water	
Trash	



## Market Rent Analysis

In addition to contract rent, our analysis considers the market rent of each basic unit type within the subject. To estimate market rent, we analyze comparable rentals most relevant to the subject in terms of location, property type, building age, and quality. The comparables are summarized in the following table.

### Summary of Comparable Rentals

No.	Property Name; Address	Yr Built; Stories	Unit Mix	# Units; % Occ.	Avg. Unit Rent/ Month	Avg. Rent/ Month	Avg. Rent/ SF
1	Hecht Warehouse District, Tower I 1401 New York Ave.NE.	1937-1948; R. 2015 6	Studio 1 BR/1 BA 2 BR/2 BA 3 BR/3 BA	300 87%	492 666 972 1,852	\$1,623 \$2,003 \$2,600 \$4,575	\$3.30 \$3.01 \$2.67 \$2.47
	Comments:	All utilities paid by tenant, including a \$10 monthly trash fee. Parking is \$125 per uncovered space and \$150 per covered space. No concessions being offered.					
2	Monroe Street Market - Apartments 625 Monroe St. NE.	2014 6	Studio 1 BR/1 BA 1 BR/1 BA + Den 2 BR/2 BA	562 93%	505 703 945 1,053	\$1,815 \$1,857 \$2,454 \$3,051	\$3.59 \$2.64 \$2.60 \$2.90
	Unit Features:	Air Conditioning, Carpets/Drapes/Blinds, Central AC, Dishwasher, Disposal, Hardwood Floors, Patios/Balcony, Range-Refrig., Walk-in Closets, Washer/Dryer In Unit					
	Project Amenities:	Clubhouse/Rec. Bldg., Fitness Room, Garage/Under Building, Security, Storage, Swimming Pool, Business Center, Conference Room, Concierge					
	Comments:	All utilities paid by tenants. Parking is \$165 per reserved space and \$145 per unreserved space. This property is located 2 blocks west of the Brookland-CUA Metro Station.					
3	Aventine Fort Totten- fka Fort Totten Station 5210 3rd St. NE.	2008 5	Studio 1 BR/1 BA 2 BR/2 BA	309 94%	562 727 1,028	\$1,411 \$2,334 \$2,821	\$2.51 \$3.21 \$2.74
	Unit Features:	Washer/Dryer In Unit, Walk-in Closets, Range-Refrig., Dishwasher, Central AC, Patios/Balcony, Clubhouse/Rec. Bldg., Fitness Room, Swimming Pool, Off Street Parking, Business Center					
	Project Amenities:	Clubhouse/Rec. Bldg., Fitness Room, Swimming Pool, Off Street Parking, Business Center					
	Comments:	All utilities paid by the tenants. Parking is \$100 for a reserved space and free for unreserved spaces. No concessions are currently being offered. The property is one block north of the Fort Totten Metro Station.					
4	The Gale 151 Q St. NE.	2013 5	Studio 1 BR/1 BA 2 BR/2 BA	603 92%	521 670 1,047	\$1,785 \$1,953 \$2,675	\$3.43 \$2.91 \$2.55
	Unit Features:	Air Conditioning, Carpets/Drapes/Blinds, Dishwasher, Walk-in Closets, Washer/Dryer In Unit					
	Project Amenities:	Clubhouse/Rec. Bldg., Fitness Room, Garage/Under Building, Swimming Pool					
	Comments:	All utilities are paid by the tenant. Monthly trash fee of \$25. Parking is \$175 per space, all spaces are unreserved. This community is 0.3 miles north of the NoMa-Gallaudet University Metro Station.					

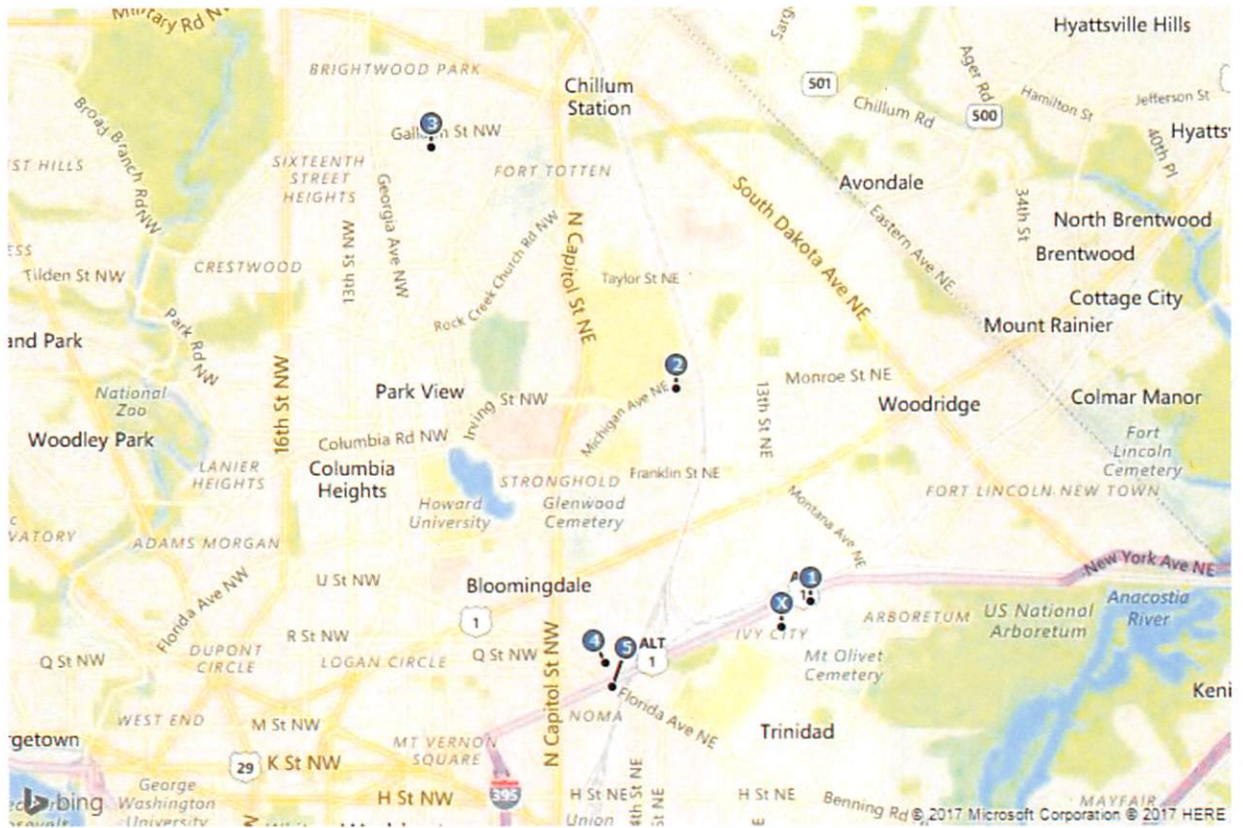


**Summary of Comparable Rentals**

No.	Property Name; Address	Yr Built; Stories	Unit Mix	% Occ.	Avg. Unit SF	Avg. Rent/ Month	Avg. Rent/ SF
5	Elevation at Washington Gateway 100 Florida Ave. NE.	2014 14		400 96%			
			Studio		512	\$1,771	\$3.46
			1 BR/1 BA		643	\$2,093	\$3.26
			1 BR/1 BA + Den		898	\$2,572	\$2.86
			2 BR/2 BA		1,089	\$3,260	\$2.99
	Unit Features:	Carpets/Drapes/Blinds, Central AC, Dishwasher, Disposal, Hardwood Floors, Patios/Balcony, Range-Refrig., Walk-in Closets, Washer/Dryer In Unit, Vaulted Ceilings					
	Project Amenities:	Clubhouse/Rec. Bldg., Fitness Room, Garage/Under Building, Rooftop Terrace, Swimming Pool,					
	Comments:	Luxury high-rise Class A apartments featuring modern kitchen with quartz countertops, energy efficient stainless steel appliances, wood floors throughout, 9-foot ceilings, and full-size washer and dryer in each unit. Below-grade reserved parking is \$250/space/month. Below-grade unreserved parking is \$175/space/month. Trash service is \$10/unit/month. This project is located south of Eckington, at the intersection of New York and Florida Avenue, and a block north of the NoMa-Gallaudet Metro Station.					
6	Brookland Press 805-809 Channing Pl.	1928 6		295 -			
			Studio		539	\$1,870	\$3.47
			1 BR/1 BA		625	\$2,170	\$3.47
			1 BR/1 BA		702	\$2,240	\$3.19
			1 BR/1 BA + Den		872	\$2,520	\$2.89
			2 BR/2 BA		1,025	\$2,795	\$2.73
	Unit Features:	Air Conditioning, Carpets/Drapes/Blinds, Dishwasher, Disposal, Hardwood Floors, Patios/Balcony, Range-Refrig., Vaulted Ceilings, Walk-in Closets, Washer/Dryer In Unit					
	Project Amenities:	Clubhouse/Rec. Bldg., Fitness Room, Garage/Under Building, Security, Storage, Swimming Pool,					
	Comments:	All utilities are paid by the tenant. The property is currently is lease-up and, according to the property website, the landlord is offering up to two months of free rent for units. Information for this rent survey was gathered from CoStar, the property's website, and documentation provided from a previous appraisal of the property. Parking spaces are budgeted at \$290/month for the first space. The property is located a 5 minute walk from the Rhode Island Ave-Brentwood Metrorail Station.					



### Comparable Rentals Map





Rent Survey 1  
Hecht Warehouse District, Tower I and II



Rent Survey 2  
Monroe Street Market - Apartments



Rent Survey 3  
Aventine Fort Totten- fka Fort Totten Station



Rent Survey 4  
The Gale



Rent Survey 5  
Elevation at Washington Gateway



## Rental Analysis Factors

Our analysis of the comparable rentals considers the following elements of comparison.

Rental Analysis Factors	
<b>Tenant Paid Utilities</b>	<p><b>Utilities costs for which tenants are responsible.</b></p> <p><i>The subject will have utility expenses typical of the market where the tenant covers all utilities. No adjustment was required for each of the comparables.</i></p>
<b>Unit Size</b>	<p><b>Floor area in square feet.</b></p> <p><i>A value ratio of 25% is applied to the difference in unit size for each comparable compared to the subject's proposed unit size.</i></p>
<b>Location</b>	<p><b>Market or submarket area influences on rent; surrounding land use influences.</b></p> <p><i>No adjustments have been applied.</i></p>
<b>Age/Condition</b>	<p><b>Effective age; physical condition.</b></p> <p><i>No adjustments have been applied.</i></p>
<b>Quality</b>	<p><b>Construction quality, market appeal, functional utility.</b></p> <p><i>No adjustments have been applied.</i></p>
<b>Unit Features</b>	<p><b>Features included in individual residential units.</b></p> <p><i>For our appraisal, we assume the proposed units in the subject's market units will have features typical of a Class A apartment in the submarket. Please refer to the "Unit Features and Project Amenities" table on page 61.</i></p>
<b>Project Amenities</b>	<p><b>Amenities available to the entire property.</b></p> <p><i>For our appraisal, we assume that the subject will have project amenities typical of Class A apartment buildings in the market such as a fitness room, clubhouse, courtyard and rooftop terrace. Please refer to the "Unit Features and Project Amenities" table on page 61.</i></p>
<b>Concessions</b>	<p><b>A lump sum adjustment to rent based on offered concessions.</b></p> <p><i>Although Brookland Press is offering concessions to the new tenants, the property is currently in lease-up. We consider these concessions to be atypical for the submarket; and therefore, have not applied a downward concession adjustment to the property.</i></p>





## Analysis of Comparable Rentals

For each of these grids, we place the most weight on the subject's recent contract rents. These are the best examples of the rents the subject property was able to achieve in the past six months.

Rental Adjustment Grid - Studio

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Property Name	Proposed Crummel Development	Hecht Warehouse District, Tower I and II	Monroe Street Market - Apartments	Aventine Fort Totten- fka Fort Totten Station	The Gale	Elevation at Washington Gateway	Brookland Press
Address	1900 Gallaudet Street NE	1401 New York Ave.NE.	625 Monroe St. NE.	5210 3rd St. NE.	151 Q St. NE.	100 Florida Ave. NE.	805-809 Channing Pl.
City	Washington	Washington	Washington	Washington	Washington	Washington	Washington
State	District of Columbia	DC	DC	DC	DC	DC	DC
Survey Date		Jun-17	Jun-17	Jun-17	Jun-17	Jun-17	Oct-17
Unit Type	Studio	Studio	Studio	Studio	Studio	Studio	Studio
Average Unit SF	520	492	505	562	521	512	539
Average Rent/Mo	\$1,906	\$1,623	\$1,815	\$1,411	\$1,785	\$1,771	\$1,870
Rent/SF	\$3.66	\$3.30	\$3.59	\$2.51	\$3.43	\$3.46	\$3.47
<b>Average Rent/Month</b>		<b>\$1,623</b>	<b>\$1,815</b>	<b>\$1,411</b>	<b>\$1,785</b>	<b>\$1,771</b>	<b>\$1,870</b>
Utilities Adjustment							
\$ Adjustment		-	-	-	-	-	-
Size Adjustment							
% Adjustment	25%						
\$ Adjustment		\$23	\$14	-\$26	\$0	\$7	-\$16
<b>Cumulative Adjusted Rent</b>		<b>\$1,646</b>	<b>\$1,829</b>	<b>\$1,385</b>	<b>\$1,785</b>	<b>\$1,778</b>	<b>\$1,854</b>
Location		-	-	-	-	-	-
Age/Condition		-	-	-	-	-	-
Quality		-	-	-	-	-	-
Unit Features		-	-	-	-	-	-
Project Amenities		-	-2.5%	-	2.5%	-	-2.5%
Concessions		-	-	-	-	-	-
Net \$ Adjustment		\$0	-\$46	\$0	\$45	\$0	-\$46
Net % Adjustment		0%	-3%	0%	3%	0%	-3%
<b>Final Adjusted Price</b>		<b>\$1,646</b>	<b>\$1,783</b>	<b>\$1,385</b>	<b>\$1,829</b>	<b>\$1,778</b>	<b>\$1,808</b>
Overall Adjustment		1%	-2%	-2%	2%	0%	-3%

Summary Indicators	Range	Average	Average/SF
Comparables - Adjusted	\$1,385 - \$1,829	\$1,705	-
Subject Asking Rent		\$1,906	\$3.66
Concluded Market Rent	\$1,740 (\$3.34/SF)		



Rental Adjustment Grid - Jr. 1 BR/1 BA							
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Property Name	Proposed Crummel Development	Hecht Warehouse District, Tower I and II	Monroe Street Market - Apartments	Aventine Fort Totten- fka Fort Totten Station	The Gale	Elevation at Washington Gateway	Brookland Press
Address	1900 Gallaudet Street NE	1401 New York Ave. NE.	625 Monroe St. NE.	5210 3rd St. NE.	151 Q St. NE.	100 Florida Ave. NE.	805-809 Channing Pl.
City	Washington	Washington	Washington	Washington	Washington	Washington	Washington
State	District of Columbia	DC	DC	DC	DC	DC	DC
Survey Date		Jun-17	Jun-17	Jun-17	Jun-17	Jun-17	Oct-17
Unit Type	Jr. 1 BR/1 BA	1 BR/1 BA	1 BR/1 BA	1 BR/1 BA	1 BR/1 BA	1 BR/1 BA	1 BR/1 BA
Average Unit SF	650	666	703	727	670	643	625
Average Rent/Mo	\$2,075	\$2,003	\$1,857	\$2,334	\$1,953	\$2,093	\$2,170
Rent/SF	\$3.19	\$3.01	\$2.64	\$3.21	\$2.91	\$3.26	\$3.47
<b>Average Rent/Month</b>		<b>\$2,003</b>	<b>\$1,857</b>	<b>\$2,334</b>	<b>\$1,953</b>	<b>\$2,093</b>	<b>\$2,170</b>
Utilities Adjustment \$ Adjustment		-	-	-	-	-	-
Size Adjustment % Adjustment	25%						
\$ Adjustment		-\$12	-\$35	-\$62	-\$15	\$6	\$22
<b>Cumulative Adjusted Rent</b>		<b>\$1,991</b>	<b>\$1,822</b>	<b>\$2,272</b>	<b>\$1,938</b>	<b>\$2,099</b>	<b>\$2,192</b>
Location		-	-	-	-	-	-
Age/Condition		-	-	-	-	-	-
Quality		-	-	-	-	-	-
Unit Features		-	-2.5%	-	-2.5%	-	-2.5%
Project Amenities		-	-	-	-	-	-
Net \$ Adjustment		\$0	-\$46	\$0	-\$48	\$0	-\$55
Net % Adjustment		0%	-3%	0%	-3%	0%	-3%
<b>Final Adjusted Price</b>		<b>\$1,991</b>	<b>\$1,776</b>	<b>\$2,272</b>	<b>\$1,890</b>	<b>\$2,099</b>	<b>\$2,137</b>
Overall Adjustment		-1%	-4%	-3%	-3%	0%	-2%
<b>Summary Indicators</b>	<b>Range</b>	<b>Average</b>	<b>Average/SF</b>				
Comparables - Adjusted	\$1,776 - \$2,272	\$2,028	-				
Subject Asking Rent	\$2,075	\$2,075	\$3.19				
Concluded Market Rent	\$2,075 (\$3.19/SF)						



Rental Adjustment Grid - 1 BR/1 BA							
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Property Name	Proposed Crummel Development	Hecht Warehouse District, Tower I and II	Monroe Street Market - Apartments	Aventine Fort Totten- fka Fort Totten Station	The Gale	Elevation at Washington Gateway	Brookland Press
Address	1900 Gallaudet Street NE	1401 New York Ave. NE.	625 Monroe St. NE.	5210 3rd St. NE.	151 Q St. NE.	100 Florida Ave. NE.	805-809 Channing Pl.
City	Washington	Washington	Washington	Washington	Washington	Washington	Washington
State	District of Columbia	DC	DC	DC	DC	DC	DC
Survey Date		Jun-17	Jun-17	Jun-17	Jun-17	Jun-17	Oct-17
Unit Type	1 BR/1 BA	1 BR/1 BA	1 BR/1 BA	1 BR/1 BA	1 BR/1 BA	1 BR/1 BA	1 BR/1 BA
Average Unit SF	700	666	703	727	670	643	702
Average Rent/Mo	\$2,175	\$2,003	\$1,857	\$2,334	\$1,953	\$2,093	\$2,240
Rent/SF	\$3.11	\$3.01	\$2.64	\$3.21	\$2.91	\$3.26	\$3.19
<b>Average Rent/Month</b>		<b>\$2,003</b>	<b>\$1,857</b>	<b>\$2,334</b>	<b>\$1,953</b>	<b>\$2,093</b>	<b>\$2,240</b>
Utilities Adjustment \$ Adjustment		-	-	-	-	-	-
Size Adjustment % Adjustment	25%						
\$ Adjustment		\$26	-\$2	-\$22	\$22	\$46	-\$2
<b>Cumulative Adjusted Rent</b>		<b>\$2,029</b>	<b>\$1,855</b>	<b>\$2,312</b>	<b>\$1,975</b>	<b>\$2,139</b>	<b>\$2,238</b>
Location		-	-	-	-	-	-
Age/Condition		-	-	-	-	-	-
Quality		-	-	-	-	-	-
Unit Features		-	-2.5%	-	-2.5%	-	-2.5%
Project Amenities		-	-	-	-	-	-
Net \$ Adjustment		\$0	-\$46	\$0	-\$49	\$0	-\$56
Net % Adjustment		0%	-3%	0%	-3%	0%	-3%
<b>Final Adjusted Price</b>		<b>\$2,029</b>	<b>\$1,809</b>	<b>\$2,312</b>	<b>\$1,925</b>	<b>\$2,139</b>	<b>\$2,182</b>
Overall Adjustment		1%	-3%	-1%	-1%	2%	-3%
<b>Summary Indicators</b>	<b>Range</b>	<b>Average</b>	<b>Average/SF</b>				
Comparables - Adjusted	\$1,809 - \$2,312	\$2,066	-				
Subject Asking Rent	\$2,175	\$2,175	\$3.11				
<b>Concluded Market Rent</b>	<b>\$2,175 (\$3.11/SF)</b>						



<b>Rental Adjustment Grid - 1 BR/1 BA + Den</b>					
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Property Name	Proposed Crummel Development	Monroe Street Market - Apartments	Aventine Fort Totten- fka Fort Totten Station	Elevation at Washington Gateway	Brookland Press
Address	1900 Gallaudet Street NE	625 Monroe St. NE.	5210 3rd St. NE.	100 Florida Ave. NE.	805-809 Channing Pl.
City	Washington	Washington	Washington	Washington	Washington
State	District of Columbia	DC	DC	DC	DC
Survey Date		Jun-17	Jun-17	Jun-17	Oct-17
Unit Type	1 BR/1 BA + Den	1 BR/1 BA + Den	1 BR/1 BA	1 BR/1 BA + Den	1 BR/1 BA + Den
Average Unit SF	850	945	727	898	872
Average Rent/Mo	\$2,475	\$2,454	\$2,334	\$2,572	\$2,520
Rent/SF	\$2.91	\$2.60	\$3.21	\$2.86	\$2.89
<b>Average Rent/Month</b>		<b>\$2,454</b>	<b>\$2,334</b>	<b>\$2,572</b>	<b>\$2,520</b>
Utilities Adjustment					
\$ Adjustment		-	-	-	-
Size Adjustment					
% Adjustment	25%				
\$ Adjustment		-\$62	\$99	-\$34	-\$16
<b>Cumulative Adjusted Rent</b>		<b>\$2,392</b>	<b>\$2,433</b>	<b>\$2,538</b>	<b>\$2,504</b>
Location		-	-	-	-
Age/Condition		-	-	-	-
Quality		-	-	-	-
Unit Features		-2.5%	-	-2.5%	-2.5%
Project Amenities		-	-	-	-
Net \$ Adjustment		-\$60	\$0	-\$63	-\$63
Net % Adjustment		-3%	0%	-3%	-3%
<b>Final Adjusted Price</b>		<b>\$2,333</b>	<b>\$2,433</b>	<b>\$2,474</b>	<b>\$2,442</b>
Overall Adjustment		-5%	4%	-4%	-3%
<b>Summary Indicators</b>		<b>Range</b>	<b>Average</b>	<b>Average/SF</b>	
Comparables - Adjusted		\$2,333 - \$2,474	\$2,420	-	
Subject Asking Rent			\$2,475	\$2.91	
Concluded Market Rent		\$2,475 (\$2.91/SF)			



**Rental Adjustment Grid - 2 BR/2 BA**

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Property Name	Proposed Crummel Development	Hecht Warehouse District, Tower I and II	Monroe Street Market - Apartments	Aventine Fort Totten- fka Fort Totten Station	The Gale	Elevation at Washington Gateway	Brookland Press
Address	1900 Gallaudet Street NE	1401 New York Ave.NE.	625 Monroe St. NE.	5210 3rd St. NE.	151 Q St. NE.	100 Florida Ave. NE.	805-809 Channing Pl.
City	Washington	Washington	Washington	Washington	Washington	Washington	Washington
State	District of Columbia	DC	DC	DC	DC	DC	DC
Survey Date		Jun-17	Jun-17	Jun-17	Jun-17	Jun-17	Oct-17
Unit Type	2 BR/2 BA	2 BR/2 BA	2 BR/2 BA	2 BR/2 BA	2 BR/2 BA	2 BR/2 BA	2 BR/2 BA
Average Unit SF	1,050	972	1,053	1,028	1,047	1,089	1,025
Average Rent/Mo	\$2,750	\$2,600	\$3,051	\$2,821	\$2,675	\$3,260	\$2,795
Rent/SF	\$2.62	\$2.67	\$2.90	\$2.74	\$2.55	\$2.99	\$2.73
<b>Average Rent/Month</b>		<b>\$2,600</b>	<b>\$3,051</b>	<b>\$2,821</b>	<b>\$2,675</b>	<b>\$3,260</b>	<b>\$2,795</b>
Utilities Adjustment		-	-	-	-	-	-
\$ Adjustment							
Size Adjustment							
% Adjustment	25%						
\$ Adjustment		\$52	-\$2	\$15	\$2	-\$29	\$17
<b>Cumulative Adjusted Rent</b>		<b>\$2,652</b>	<b>\$3,049</b>	<b>\$2,836</b>	<b>\$2,677</b>	<b>\$3,231</b>	<b>\$2,812</b>
Location		-	-	-	-	-	-
Age/Condition		-	-	-	-	-	-
Quality		-	-	-	-	-	-
Unit Features		-	-2.5%	-	-2.5%	-	-2.5%
Project Amenities		-	-	-	-	-	-
Net \$ Adjustment		\$0	-\$76	\$0	-\$67	\$0	-\$70
Net % Adjustment		0%	-3%	0%	-3%	0%	-3%
<b>Final Adjusted Price</b>		<b>\$2,652</b>	<b>\$2,973</b>	<b>\$2,836</b>	<b>\$2,610</b>	<b>\$3,231</b>	<b>\$2,742</b>
Overall Adjustment		2%	-3%	1%	-2%	-1%	-2%

Summary Indicators	Range	Average	Average/SF
Comparables - Adjusted	\$2,610 - \$3,231	\$2,841	-
Subject Asking Rent		\$2,750	\$2.62
<b>Concluded Market Rent</b>	<b>\$2,800 (\$2.67/SF)</b>		



Unit Features and Project Amenities							
Subject	Rent 1	Rent 2	Rent 3	Rent 4	Rent 5	Rent 6	
	Proposed Crummel Development	Hecht Warehouse District, Tower I and II	Monroe Street Market - Apartments	Aventine Fort Totten- fka Fort Totten Station	The Gale	Elevation at Washington Gateway	Brookland Press
<b>Unit Features</b>							
Patios/Balcony	Select	Select	x	x	x	x	x
Fireplace							
Vaulted Ceilings		x			x	x	x
Dishwasher	x	x	x	x	x	x	x
Disposal	x	x	x	x	x	x	x
Trash Compactor							
Washer/Dryer Hookup							
Washer/Dryer In Unit	x	x	x	x	x	x	x
Storage in Unit							
Air Conditioning	x	x	x	x	x	x	x
Carpets/Draperies/Blinds	x	x	x	x	x	x	x
Walk-in Closets	x	x	x	x	x	x	x
Stainless Steel Appliances	x	x	x	x	x	x	
Hardwood Floors			x	x		x	x
Microwaves	x	x	x	x	x	x	
Granite Countertops	x		x	x	x		
Comparison to Subject		Similar	Similar	Similar	Similar	Similar	Similar
<b>Project Amenities</b>							
Gated Entrance							
Swimming Pool			x	x	x	x	x
Spa/Hot Tub							
Sauna							
Covered Parking							
Garage/Under Building	x	x	x	x	x	x	x
Tennis Court					x		
Playground							
Clubhouse/Rec. Bldg.	x	x	x	x	x	x	x
Fitness Room	x	x	x	x	x	x	x
Racquet Ball							
Volleyball					x		
Basketball							
Laundry Facility							
Storage	x		x				x
Security			x				x
Rooftop Terrace/Courtyard	x	x	x		x	x	
Business Center	x	x	x	x	x		x
Comparison to Subject		Similar	Superior	Similar	Superior	Similar	Superior

**Affordable Units**

The subject will have a number of units set aside as affordable units (76 units in the 20% ADU scenario and 113 units in the 30% ADU scenario). We use the table below to estimate the maximum allowable rent for the property’s affordable units which are required to abide by the following maximum allowable rent based on an area median income level of \$110,300 as of April 14, 2017.

Rent Limits for 2017								
Rent Limits with Utility Allowance Reduction for 2017*								
Number of Bedrooms	Occupancy Pricing	Estimated Utility Allowance	60% of AMI Units	60% of AMI Units*	50% of AMI Units	50% of AMI Units*	30% of AMI Units	30% of MFI Units*
Efficiency (1.0)	1.0	\$111 - \$160	\$1,158	\$998	\$965	\$805	\$579	\$419
1 Bedroom (1.5)	1.5	\$169 - \$241	\$1,240	\$999	\$1,033	\$792	\$620	\$379
2 Bedrooms (3.0)	3.0	\$226 - \$322	\$1,489	\$1,167	\$1,341	\$919	\$744	\$422

Source: These prescribed rents are based calculations performed by Novogradac & Company, LLP, based on data collected 4/14/2017 and compiled by Newmark Knight Frank. Estimated Utility Allowances is based on set figures by the DC Department of Housing and Community Development after 7/21/2017.



### Market Rent Conclusion

In our analysis, we place weight on the Hecht Warehouse, Elevation at Washington Gateway and Brookland Press, the three comparables most similar to the subject due to their outlying location emerging residential communities.

Based on the preceding analysis of comparable rentals, market rent is estimated for each unit type as shown in the tables that follow for each scenario.

#### Market Rent Conclusions - 20% ADU Scenario

Unit Type	Total Units	Avg. Unit Size	Average Asking Rent	Market Rent/ Month	Market Rent/SF
Studio	66	520	\$1,906	\$1,740	\$3.34
Jr. 1 BR/1 BA	79	650	\$2,075	\$2,075	\$3.19
1 BR/1 BA	66	700	\$2,175	\$2,175	\$3.11
1 BR/1 BA + Den	43	850	\$2,475	\$2,475	\$2.91
2 BR/2 BA	45	1,050	\$2,750	\$2,800	\$2.67
Studio - 30% AMI	6	525	\$410	\$419	\$0.80
Jr. 1 BR/1 BA - 30% AMI	5	650	\$410	\$419	\$0.64
1 BR/1 BA - 30% AMI	3	700	\$371	\$379	\$0.54
1 BR/1 BA + Den - 30% AMI	2	850	\$371	\$379	\$0.45
2 BR/2 BA - 30% AMI	3	1,050	\$410	\$422	\$0.40
Studio - 50% AMI	14	529	\$790	\$805	\$1.52
Jr. 1 BR/1 BA - 50% AMI	14	650	\$790	\$805	\$1.24
1 BR/1 BA - 50% AMI	12	700	\$778	\$792	\$1.13
1 BR/1 BA + Den - 50% AMI	7	850	\$778	\$792	\$0.93
2 BR/2 BA - 50% AMI	10	1,050	\$899	\$919	\$0.88
Total/Avg.	375	721	\$1,912	\$1,891	\$2.62



**Market Rent Conclusions - 30% ADU Scenario**

Unit Type	Total Units	Avg. Unit Size	Average Asking Rent	Market Rent/ Month	Market Rent/SF
Studio	59	519	\$1,904	\$1,740	\$3.35
Jr. 1 BR/1 BA	66	650	\$2,075	\$2,075	\$3.19
1 BR/1 BA	59	700	\$2,175	\$2,175	\$3.11
1 BR/1 BA + Den	39	850	\$2,475	\$2,475	\$2.91
2 BR/2 BA	39	1,050	\$2,750	\$2,800	\$2.67
Studio - 30% AMI	8	513	\$410	\$419	\$0.82
Jr. 1 BR/1 BA - 30% AMI	6	650	\$410	\$419	\$0.64
1 BR/1 BA - 30% AMI	7	700	\$371	\$379	\$0.54
1 BR/1 BA + Den - 30% AMI	4	850	\$371	\$379	\$0.45
2 BR/2 BA - 30% AMI	4	1,050	\$410	\$422	\$0.40
Studio - 50% AMI	18	525	\$790	\$805	\$1.53
Jr. 1 BR/1 BA - 50% AMI	21	650	\$790	\$805	\$1.24
1 BR/1 BA - 50% AMI	19	700	\$778	\$792	\$1.13
1 BR/1 BA + Den - 50% AMI	13	850	\$778	\$792	\$0.93
2 BR/2 BA - 50% AMI	13	1,050	\$899	\$919	\$0.88
<b>Total/Avg.</b>	<b>375</b>	<b>721</b>	<b>\$1,761</b>	<b>\$1,744</b>	<b>\$2.42</b>





## Stabilized Income and Expenses – Multifamily Section

### Potential Gross Rent

The following table summarizes the potential gross rent of the subject based on market rent (or, in the case of affordable housing units, the maximum allowable rents for those units). We have created a separate table for each of the affordable housing scenarios, 20% and 30% ADUs.

The following table summarizes the potential gross rent of the subject based on current market rent. Figures presented below reflect the 12-month period following the effective date of this appraisal.

<b>Potential Gross Rent - 20% ADU Scenario</b>			
Unit Type	Total Units	Market Rent/Unit	Potential Rent at Market
<b>Vacant Units</b>			
Studio	66	\$1,740	\$1,378,080
Jr. 1 BR/1 BA	79	\$2,075	\$1,967,100
1 BR/1 BA	66	\$2,175	\$1,722,600
1 BR/1 BA + Den	43	\$2,475	\$1,277,100
2 BR/2 BA	45	\$2,800	\$1,512,000
Studio - 30% AMI	6	\$419	\$30,168
Jr. 1 BR/1 BA - 30% AMI	5	\$419	\$25,140
1 BR/1 BA - 30% AMI	3	\$379	\$13,644
1 BR/1 BA + Den - 30% AMI	2	\$379	\$9,096
2 BR/2 BA - 30% AMI	3	\$422	\$15,192
Studio - 50% AMI	14	\$805	\$135,240
Jr. 1 BR/1 BA - 50% AMI	14	\$805	\$135,240
1 BR/1 BA - 50% AMI	12	\$792	\$114,048
1 BR/1 BA + Den - 50% AMI	7	\$792	\$66,528
2 BR/2 BA - 50% AMI	10	\$919	\$110,280
<b>Grand Total</b>	<b>375</b>	<b>\$1,891</b>	<b>\$8,511,456</b>



**Potential Gross Rent - 30% ADU Scenario**

Unit Type	Total Unit	Market Rent/Unit	Potential Rent at Market
<b>Vacant Units</b>			
Studio	59	\$1,740	\$1,231,920
Jr. 1 BR/1 BA	66	\$2,075	\$1,643,400
1 BR/1 BA	59	\$2,175	\$1,539,900
1 BR/1 BA + Den	39	\$2,475	\$1,158,300
2 BR/2 BA	39	\$2,800	\$1,310,400
Studio - 30% AMI	8	\$419	\$40,224
Jr. 1 BR/1 BA - 30% AMI	6	\$419	\$30,168
1 BR/1 BA - 30% AMI	7	\$379	\$31,836
1 BR/1 BA + Den - 30% AMI	4	\$379	\$18,192
2 BR/2 BA - 30% AMI	4	\$422	\$20,256
Studio - 50% AMI	18	\$805	\$173,880
Jr. 1 BR/1 BA - 50% AMI	21	\$805	\$202,860
1 BR/1 BA - 50% AMI	19	\$792	\$180,576
1 BR/1 BA + Den - 50% AMI	13	\$792	\$123,552
2 BR/2 BA - 50% AMI	13	\$919	\$143,364
<b>Grand Total</b>	<b>375</b>	<b>\$1,744</b>	<b>\$7,848,828</b>

In our stabilized income projection for the subject, rental income is based on market rent (subject to ADU requirements). Income is projected for the 12-month period following the effective date of the appraisal.

In the following section, we develop two stabilized pro forma projections for the subject property based on the difference affordable housing scenarios. For each of these scenarios, we use the current market rent projections as well as current operating expense estimates.

Later on at the end of the direct capitalization analysis, we will trend our concluded stabilized values as of the effective date to the projected date of stabilization for the property, July 1, 2023.

**Employee/Model Units**

Market rent is assigned to employee and model units in our income projections. Later, in our projection of expenses, rent loss attributable to these units is deducted as an expense. For employee occupied units, the difference between market rent and actual employee rent payments is deducted as a payroll expense. For units being used as models, the amount of market rent is deducted as an advertising/marketing expense.

The summarized rent rolls for each scenario do not include a model unit; therefore, we have not set aside a unit as a model.



### Expense Reimbursements

As leases do not provide for any tenant reimbursements of expenses, no expense recovery income is estimated.

### Parking Income

The subject will have 262 parking spaces available for to tenants in the property. The Sponsor has priced parking at \$150/month. Reviewing our rent comparables, it appears that the Sponsor's projections are in line with market terms. As a result, the total potential annual parking revenue is estimated at \$471,600 (12 months x \$150/month x 262 parking spaces) as of the effective date of this appraisal.

### Vacancy & Collection Loss

A vacancy and collection loss allowance is deducted to an expected stabilized rate. Relevant factors in determining vacancy and collection loss for the subject are shown below.

<b>Vacancy Rate Indications</b>	
Market Segment	Vacancy Rates
District of Columbia	6.73%
Submarket Cluster	7.20%
Submarket Cluster - Class A	9.40%
Directly Competing Properties (excluding Brookland Press)	7.92%

Based on this information and considering likely credit risk, as well as the significant number of affordable units proposed, we conclude to a stabilized vacancy and collection loss allowance for the subject of 6.0% of potential gross income for each scenario.

### Concessions

IRR would note that, while only a few of the comparables that were the basis for our market rent conclusions report that concessions are currently being offered, concessions are available in the market on a case-by-case basis, and may also be offered more broadly in response to new competition, seasonal demand fluctuations, etc. Given the subject's somewhat location outside of established apartment submarkets, we expect this to remain the case for the foreseeable future. As a result, a deduction is made to reflect income loss due to free rent and other tenant concessions.

Per the developer's pro forma, they have set aside one month of free rent for the market units during the initial lease-up of the property. Upon stabilization, it appears that they expect no concessions to be offered to new tenants.

According to *CoStar, Inc.*, apartments built after 2000 in emerging multifamily submarkets such as Brookland, Eckington, Galluadet/Trinidad, Ivy City, Michigan Park, Woodbridge, and the H Street Corridors have averaged 1.4% in concessions in the last quarter and 2.0% annually over the past five years.



For our appraisal, we have projected a stabilized concession amount of 1.5% for the subject as of the effective date for each scenario. Note that this concession allowance is applied to market rate units only.

### Other Income

The other income category includes any other income from the property including revenues from amenity space rentals, late fee charges, vending machines, storage fees, and miscellaneous sources. Total other income is budgeted at 3.7% of total potential rental income by the Sponsor under the 20% ADU scenario and 4.0% under the 30% ADU scenario.

We have reviewed several comparables (Class A and B apartment buildings located in the Washington, DC metro area). The following is a list of comparables.

#### Other Income Comparables (Properties Confidential)

# of Units	Other Income % of Potential Gross Rent
162	1.5%
35	1.72%
133	0.98%
562	2.42%
300	9.25%
212	1.47%
124	0.6%
166	2.4%
Average	2.5%

As a result, we project other income at 3.0% of the potential gross rent for the subject as of the effective date of this appraisal for each scenario.

### Expenses

Operating expenses are estimated based on the proposed budget for the subject, expense data from comparable properties, and industry benchmarks, as summarized in the following tables.



<b>Operating Projections As If Stabilized</b>				
	20% ADU Scenario Budget 2017	30% ADU Scenario Budget 2017	NKF Projection - 20% ADU Scenario (10/17-9/18)	NKF 2nd Projection - 30% ADU Scenario (10/17-9/18)
<b>Income</b>				
Rental Income	\$8,303,327	\$7,922,874	\$8,511,456	\$7,848,828
Expense Reimbursements	0	\$0	\$0	\$0
Net Parking Income	511,290	\$448,020	\$471,600	\$471,600
Potential Gross Income*	\$8,814,617	\$8,370,894	\$8,983,056	\$8,320,428
Vacancy & Collection Loss @ 6.0%	-\$414,118	-\$372,484	-\$538,983	-\$499,226
Concessions @ 1.3%			-\$117,853	-\$103,259
Other Income	\$320,625	\$320,625	\$255,344	\$235,465
Effective Gross Income	\$8,721,124	\$8,319,035	\$8,581,563	\$7,953,408
<b>Expenses</b>				
Real Estate Taxes	\$1,014,885	\$915,422	\$756,458	\$681,318
Insurance	\$93,750	\$93,750	\$112,500	\$112,500
Utilities	\$262,500	\$262,500	\$412,500	\$412,500
Repairs/Maintenance	\$300,000	\$300,000	\$450,000	\$450,000
Painting & Decorating	\$93,750	\$93,750	\$93,750	\$93,750
Payroll/Benefits	\$693,750	\$693,750	\$712,500	\$712,500
Advertising & Marketing	\$131,250	\$131,250	\$75,000	\$75,000
General/Administrative Management	\$131,250	\$131,250	\$187,500	\$187,500
Replacement Reserves	\$225,528	\$207,976	\$300,355	\$278,369
	\$93,750	\$93,750	\$112,500	\$112,500
Total Expenses	\$3,040,413	\$2,923,398	\$3,213,062	\$3,115,937
<b>Net Operating Income</b>	<b>\$5,680,711</b>	<b>\$5,395,637</b>	<b>\$5,368,501</b>	<b>\$4,837,472</b>
Operating Expense Ratio**	33.8%	34.0%	36.1%	37.8%
<b>Income per Unit</b>				
Rental Income	\$22,142	\$21,128	\$22,697	\$20,930
Expense Reimbursements	\$0	\$0	\$0	\$0
Potential Gross Income per Unit	\$23,506	\$22,322	\$23,955	\$22,188
Vacancy & Collection Loss @ 6.0%	-\$1,104	-\$993	-\$1,437	-\$1,331
Concessions @ 1.3%			-\$314	-\$275
Other Income	\$855	\$855	\$681	\$628
Effective Gross Income per Unit	\$23,256	\$22,184	\$22,884	\$21,209
<b>Expenses per Unit</b>				
Real Estate Taxes	\$2,706	\$2,441	\$2,017	\$1,817
Insurance	\$250	\$250	\$300	\$300
Utilities	\$700	\$700	\$1,100	\$1,100
Repairs/Maintenance	\$800	\$800	\$1,200	\$1,200
Painting & Decorating	\$250	\$250	\$250	\$250
Payroll/Benefits	\$1,850	\$1,850	\$1,900	\$1,900
Advertising & Marketing	\$350	\$350	\$200	\$200
General/Administrative Management	\$350	\$350	\$500	\$500
Replacement Reserves	\$601	\$555	\$801	\$742
	\$250	\$250	\$300	\$300
Total Expenses per Unit	\$8,108	\$7,796	\$8,568	\$8,309
NOI per Unit	<b>\$15,149</b>	<b>\$14,388</b>	<b>\$14,316</b>	<b>\$12,900</b>
Number of Units	375	375	375	375
*NKF projected income is the total potential income attributable to the property before deduction of vacancy and collection loss. Historical income is the actual income that has been collected by the property owner.				
**Replacement reserves, if any, are excluded from total expenses for purposes of determining the Operating Expense Ratio.				



Expense Analysis per Unit									
	Comp Data *					Subject			
	Comp 1	Comp 2	Comp 3	Comp 4	Trepp	Projected Expenses			
Year Built	2010	2014	2014	2016		2022 (Projected)			
Number of Units	283	133	562	300		375			
Operating Data Type	Pro-forma		Pro-forma		Trepp	20% ADU	30% ADU	NKF Projection	NKF 2nd
	In Place	Buyer	Owner	Owner		Scenario	Scenario	20% ADU	Projection - 30%
Year	2016	2015	2017	2016	2016	Budget	Budget	Scenario	ADU Scenario
						2017	2017	(10/17-9/18)	(10/17-9/18)
Real Estate Taxes	\$3,940	\$1,692	\$2,124	\$2,198	\$1,299	\$2,706	\$2,441	\$2,017	\$1,817
Insurance	\$385	\$414	\$273	\$391	\$321	\$250	\$250	\$300	\$300
Utilities	\$1,538	\$726	\$1,413	\$1,057	\$1,574	\$700	\$700	\$1,100	\$1,100
Repairs/Maintenance	\$1,790	\$2,106	\$2,103	\$1,336	\$1,412	\$800	\$800	\$1,200	\$1,200
Painting & Decorating	\$0	\$0	\$0	\$0	\$0	\$250	\$250	\$250	\$250
Payroll/Benefits	\$3,199	\$602	\$1,816	\$2,599	\$2,080	\$1,850	\$1,850	\$1,900	\$1,900
Advertising & Marketing	\$406	\$34	\$0	\$688	\$117	\$350	\$350	\$200	\$200
General/Administrative	\$1,139	\$275	\$860	\$689	\$834	\$350	\$350	\$500	\$500
Management	\$866	\$797	\$761	\$712	\$779	\$601	\$555	\$801	\$742
Replacement Reserves	\$0	\$300	\$0	\$0	\$324	\$250	\$250	\$300	\$300
<b>Total</b>	<b>\$13,263</b>	<b>\$6,944</b>	<b>\$9,348</b>	<b>\$9,670</b>	<b>\$8,740</b>	<b>\$8,108</b>	<b>\$7,796</b>	<b>\$8,568</b>	<b>\$8,309</b>
Operating Expense Ratio	30.6%	43.4%	36.7%	65.1%	43.0%	33.8%	34.0%	36.1%	37.8%

\*Comp 1: West End 25, 1255 25th St. NW., Washington, DC  
 Comp 2: SeVerna II, 43 K St. NW., Washington, DC  
 Comp 3: Monroe Street Market - Apartments, 625 Monroe St. NE., Washington, DC  
 Comp 4: Hecht Warehouse, 1401 New York Ave., Washington, DC  
 Industry Benchmark: Trepp, CRE Operating Statement Data Feed, 2016, Washington, DC, Multifamily, More than 100 units

## Capitalization Rate Selection

A capitalization rate is used to convert net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership. We consider the following data in selecting a capitalization rate for the subject.

### Capitalization Rate Comparables

No.	Property Name	Year Built	Sale Date	% Occup.	No. Units	Effective Price/Unit	Cap Rate
1	Anthology	2016	10/6/2016	0%	307	\$521,173	4.75%
2	The Flats at Atlas	2012	3/31/2016	93%	257	\$303,016	4.80%
3	The Shay	2015	8/19/2015	0%	245	\$504,082	4.70%
4	The Gale	2013	7/31/2015	93%	603	\$353,234	4.75%
5	Flats 130 at Constitution	2010	11/18/2014	95%	643	\$458,787	4.25%
6	450K	2014	11/7/2014	0%	233	\$457,082	4.70%
7	Louis at 14th/U	2013	6/5/2014	0%	268	\$658,582	4.75%
8	Yale West	2011	2/21/2014	-	216	\$337,963	-
Average (Mean) Cap Rate:							4.67%

The comparables indicate a very tight range of indicated capitalization rates, between 4.25% and 4.80%. Comparables 1, 3, 6, and 7 were all vacant properties at the time of sale. The District of Columbia market for new multifamily product is very strong, thus if a building is sold vacant, it does not negatively impact the capitalization rate.

Flats 130 at Constitution Square is located less than one block south of NoMa-Gallaudet U New York Avenue Station and 0.7 miles north from the Union Station, a prime location for office and multifamily



properties in DC. We believe that the subject would have a capitalization rate slightly inferior (higher) to this comparable.

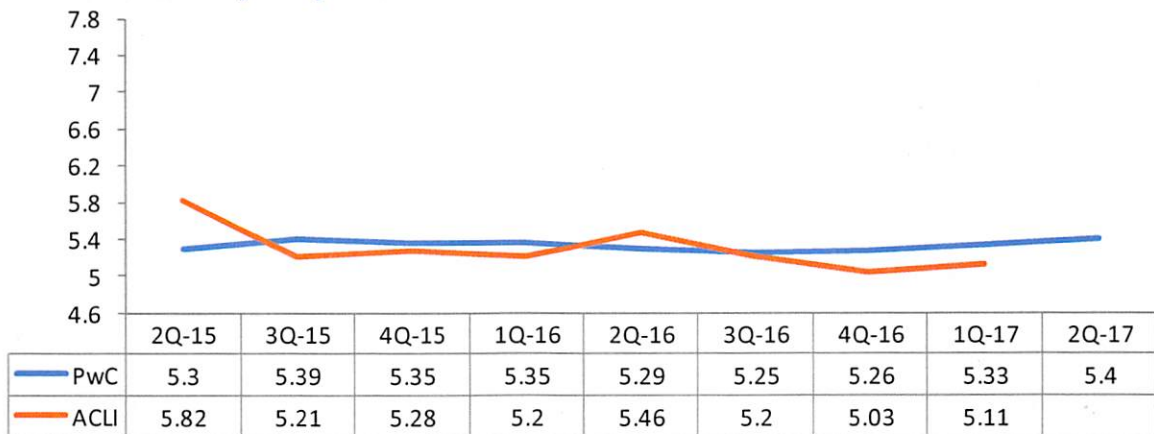
On the other hand, Anthology is located along the H Street Corridor (an emerging/transitioning neighborhood) and more than a mile from the nearest Metro station. We expect the subject to have a capitalization rate similar to this comparable.

Data pertaining to investment grade properties from the PwC, ACLI, and Viewpoint surveys are summarized in the exhibits that follow.

<b>Capitalization Rate Surveys – Multifamily Properties</b>				
	IRR-ViewPoint Mid Year 2017 National Urban Multifamily	IRR-ViewPoint Mid Year 2017 National Suburban Multifamily	PwC 2Q-17 National Apartment	ACLI 1Q-17 National Apartment
Range	3.50% - 8.75%	4.00% - 8.75%	3.50% - 8.00%	NA
Average	5.73%	5.90%	5.40%	5.11%

Source: IRR-Viewpoint 2017; PwC Real Estate Investor Survey; American Council of Life Insurers Investment

### Multifamily Capitalization Rate Trends



PwC- PwC Real Estate Investor Survey - National Apartment Market  
 ACLI - American Council of Life Insurers Investment Bulletin - Apartment Properties

The most current national survey data indicates that a going-in capitalization rate for the national apartment market ranges from 3.50% to 8.75% and averages 5.73%. We would expect the rate appropriate to the subject to be below the average rate in the survey data because the subject property is located in Washington, DC and when complete will be a Class A apartment community. On the other hand, capitalization rates have begun to slightly increase since 4<sup>th</sup> quarter 2016, and



potential further rate hikes by the Federal Reserve may contribute to additional upward movement between now and the stabilization date.

Accordingly, based on the survey data, a capitalization rate within a range of 4.50% to 5.50% could be expected for the subject.

The band of investment method derives a capitalization rate from the weighted average of the mortgage and equity demands on net income generated from the property. This method involves an estimate of typical financing terms as well as an estimated rate of return on equity capital sufficient to attract investors. The rate indicated by this method is shown in the following table.

<b>Band of Investment Method</b>				
<b>Mortgage/Equity Assumptions</b>				
Loan To Value Ratio				65%
Interest Rate				3.75%
Amortization (Years)				30
Mortgage Constant				0.0556
Equity Ratio				35%
Equity Dividend Rate				5.50%
<b>Weighted Average of Mortgage and Equity Requirements</b>				
Mortgage Requirement	65%	x	5.56% =	3.61%
Equity Requirement	35%	x	5.50% =	1.93%
<b>Indicated Capitalization Rate</b>				<b>5.54%</b>
<b>Rounded</b>				<b>5.50%</b>

We place no weight on the band of investment method because it does not reflect the behavior of Class A multifamily investors in this market.

#### **Capitalization Rate Conclusion**

Based on the preceding analysis, a going-in capitalization rate for the subject is indicated within a range of 4.50% to 5.25%.





Risk Factor	Issues	Impact on Rate
Income Characteristics	Stability of occupancy, above/below market rents, rent control.	↔
Competitive Market Position	Construction quality, appeal, condition, effective age, functional utility.	↓/↔
Location	Market area demographics and life cycle trends; proximity issues; access and support services.	↔
Market	Vacancy rates and trends; rental rate trends; supply and demand.	↔
Overall Impact		↓/↔

Based on the preceding analysis, in particular the rates extracted from comparable sales, we would expect the subject to trade at a capitalization rate of approximately 4.75%, if the property were to be conveyed in fee simple. Because the real property conveyed would be a leasehold interest, we apply a 25 basis point premium to reflect the associated diminution of property rights.

Accordingly, we conclude a capitalization rate as follows:

<b>Capitalization Rate Conclusion</b>	
Going-In Capitalization Rate	5.00%



## Direct Capitalization Analysis – Multifamily Section

Net operating income is divided by the capitalization rate to indicate the stabilized value of the subject as if stabilized the effective date of this appraisal for each scenario. Valuation of the subject by direct capitalization is shown in the table that follows.

<b>Direct Capitalization Analysis</b>					
		NKF Projection - 20% ADU Scenario (10/17-9/18)		NKF 2nd Projection - 30% ADU Scenario (10/17-9/18)	
		Annual	\$/Unit	Annual	\$/Unit
<b>INCOME</b>					
Rental Income		\$8,511,456	\$22,697	\$7,848,828	\$20,930
Net Parking Income		\$471,600	\$1,258	\$471,600	\$1,258
Potential Gross Income		\$8,983,056	\$23,955	\$8,320,428	\$22,188
Vacancy & Collection Loss	6.00%	-\$538,983	-\$1,437	-\$499,226	-\$1,331
Concessions	1.31%	-\$117,853	-\$314	-\$103,259	-\$275
Other Income		\$255,344	\$681	\$235,465	\$628
Effective Gross Income		\$8,581,563	\$22,884	\$7,953,408	\$21,209
<b>EXPENSES</b>					
Real Estate Taxes		\$756,458	\$2,017	\$681,318	\$1,817
Insurance		\$112,500	\$300	\$112,500	\$300
Utilities		\$412,500	\$1,100	\$412,500	\$1,100
Repairs/Maintenance		\$450,000	\$1,200	\$450,000	\$1,200
Painting & Decorating		\$93,750	\$250	\$93,750	\$250
Payroll/Benefits		\$712,500	\$1,900	\$712,500	\$1,900
Advertising & Marketing		\$75,000	\$200	\$75,000	\$200
General/Administrative Management	3.50%	\$300,355	\$801	\$278,369	\$742
Replacement Reserves		\$112,500	\$300	\$112,500	\$300
Total Expenses		\$3,213,062	\$8,568	\$3,115,937	\$8,309
NET OPERATING INCOME		\$5,368,501	\$14,316	\$4,837,472	\$12,900
Capitalization Rate		5.00%		5.00%	
Indicated Value		\$107,370,018	\$286,320	\$96,749,431	\$257,998
Rounded		<b>\$107,400,000</b>	<b>\$286,400</b>	<b>\$96,700,000</b>	<b>\$257,867</b>

### Inflation Factor

Based on the Multifamily Market Analysis presented previously, there has been mostly positive effective rent growth over the past five years for the subject's submarket. For all multifamily properties in the District of Columbia, effective rents have grown an average of 3.0% over the past five years. For the Brookland/Eckington/NoMa/H Street/Ivy City submarket cluster, effective rents have grown 5.2% annually over the past five years and 3.5% over the past three years. More specifically, for Class A properties in the subject's submarket have an effective rental rate that has increased 3.3% annually over the past five years and 1.8% over the past three years.



In addition, we have reviewed most recent survey data for market rent growth and expense growth as well as shown below.

<b>Investor Surveys - Multifamily Properties</b>			
	IRR-ViewPoint Mid Year 2017 National Urban Multifamily	IRR-ViewPoint Mid Year 2017 National Suburban Multifamily	PwC 2Q-17 National Apartment
<b>Market Rent Growth Rate</b>			
Range	0.00% - 6.00%	0.00 - 5.00%	1.00% - 5.00%
Average	2.37%	2.48%	2.64%
<b>Expense Growth Rate</b>			
Range	4.25 - 9.50%	4.50% - 8.25%	2.00% - 3.00%
Average	6.30%	6.42%	2.69%
Source: IRR-Viewpoint 2017, published by Integra Realty Resources; PwC Real Estate Investor Survey			

Considering these rental trends in the subject's submarket as well as the large amount of units under construction or proposed in surrounding neighborhoods by the subject, we apply a rent growth rate of 3.0% annually, or 0.25% monthly for 69 months till stabilization, July 1, 2023.

We apply an expense growth rate of 3.0% based on the figures shown above as well as match or projected income inflation factor.



### Prospective Market Value at Stabilization and Completion

The calculated inflated net operating income is divided by the capitalization rate to indicate the stabilized value of the subject as of the prospective date of stabilization for each scenario. To arrive at an indication of upon-completion value, we then deduct lease-up costs (see following pages) from the stabilized value indication.

	NKF Projection - 20% ADU Scenario (7/23 - 6/24)		NKF Projection - 30% ADU Scenario (7/23 - 6/24)	
	Annual	\$/Unit	Annual	\$/Unit
	<b>Prospective Market Value at Stabilization</b>			
Stabilized NOI as of the Eff. Date	\$5,368,501	\$14,316	\$4,837,472	\$12,900
Inflated Stabilized NOI @ 3.00% for 69 months	\$6,363,596	\$16,970	\$5,734,136	\$15,291
Capitalization Rate	5.00%		5.00%	
Stabilized Indicated Value	\$127,271,910	\$339,392	\$114,682,712	\$305,821
<b>Rounded</b>	<b>\$127,300,000</b>	<b>\$339,467</b>	<b>\$114,700,000</b>	<b>\$305,867</b>
<b>Prospective Market Value at Completion</b>				
Stabilized Indicated Value	\$127,271,910	\$339,392	\$114,682,712	\$305,821
Lease-Up Costs	-\$7,430,000	-\$19,813	-\$6,850,000	-\$18,267
Indicated Value at Completion	\$119,841,910	\$319,578	\$107,832,712	\$287,554
<b>Rounded</b>	<b>\$119,800,000</b>	<b>\$319,467</b>	<b>\$107,800,000</b>	<b>\$287,467</b>



### Lease-Up Costs

The following tables summarize our estimate of lease-up costs for the subject units under each valuation scenario. Note that our concluded absorption pace is based on an absorption rate of 20 units per month for the market units and 25 units per month for the affordable housing units. We apply a blended absorption rate of 21 units per month for the 20% ADU Scenario and 22 units per month for the 30% ADU Scenario.

#### Lease-Up Costs - 20% ADU Scenario

Unit Type	Vacant Units	Market Rent	Potential Foregone Rent/Mo.	Total Months to Absorb	Avg. Vacancy During Lease-up <sup>1</sup>	Foregone Rent
Studio	66	\$1,740	\$114,840			
Jr. 1 BR/1 BA	79	\$2,075	\$163,925			
1 BR/1 BA	66	\$2,175	\$143,550			
1 BR/1 BA + Den	43	\$2,475	\$106,425			
2 BR/2 BA	45	\$2,800	\$126,000			
Studio - 30% AMI	6	\$419	\$2,514			
Jr. 1 BR/1 BA - 30% AMI	5	\$419	\$2,095			
1 BR/1 BA - 30% AMI	3	\$379	\$1,137			
1 BR/1 BA + Den - 30% AMI	2	\$379	\$758			
2 BR/2 BA - 30% AMI	3	\$422	\$1,266			
Studio - 50% AMI	14	\$805	\$11,270			
Jr. 1 BR/1 BA - 50% AMI	14	\$805	\$11,270			
1 BR/1 BA - 50% AMI	12	\$792	\$9,504			
1 BR/1 BA + Den - 50% AMI	7	\$792	\$5,544			
2 BR/2 BA - 50% AMI	10	\$919	\$9,190			
<b>Total/Average</b>	<b>375</b>	<b>\$1,891.43</b>	<b>\$709,288</b>			
Less Vacant Units at Stabilization	30					
<b>Units to be Absorbed</b>	<b>345</b>	<b>\$1,891.43</b>	<b>\$652,545</b>	<b>16</b>	<b>50%</b>	<b>\$5,220,360</b>
<b>Profit for Lease-up Risk</b>	<b>20%</b>					<b>\$1,044,072</b>
<b>Total Including Profit</b>						<b>\$6,264,432</b>
<b>Inflated Total (3.00% annual growth @ 69 months)</b>						<b>\$7,425,594</b>
<b>Rounded</b>						<b>\$7,430,000</b>

1. Pertains to units to be absorbed only. An average vacancy of 50% assumes that units are leased evenly over the absorption period.



**Lease-Up Costs - 30% ADU Scenario**

Unit Type	Vacant		Potential	Total	Avg. Vacancy During Lease-up <sup>1</sup>	Forgone Rent
	Units	Market Rent	Forgone Rent/Mo.	Months to Absorb		
Studio	59	\$1,740	\$102,660			
Jr. 1 BR/1 BA	66	\$2,075	\$136,950			
1 BR/1 BA	59	\$2,175	\$128,325			
1 BR/1 BA + Den	39	\$2,475	\$96,525			
2 BR/2 BA	39	\$2,800	\$109,200			
Studio - 30% AMI	8	\$419	\$3,352			
Jr. 1 BR/1 BA - 30% AMI	6	\$419	\$2,514			
1 BR/1 BA - 30% AMI	7	\$379	\$2,653			
1 BR/1 BA + Den - 30% AMI	4	\$379	\$1,516			
2 BR/2 BA - 30% AMI	4	\$422	\$1,688			
Studio - 50% AMI	18	\$805	\$14,490			
Jr. 1 BR/1 BA - 50% AMI	21	\$805	\$16,905			
1 BR/1 BA - 50% AMI	19	\$792	\$15,048			
1 BR/1 BA + Den - 50% AMI	13	\$792	\$10,296			
2 BR/2 BA - 50% AMI	13	\$919	\$11,947			
<b>Total/Average</b>	<b>375</b>	<b>\$1,744</b>	<b>\$654,069</b>			
Less Vacant Units at Stabilization	30					
Units to be Absorbed	345	\$1,744	\$601,743	16	50%	\$4,813,948
Profit for Lease-up Risk	20%					\$962,790
Total Including Profit						\$5,776,737
Inflated Total (3.00% annual growth @69 months)						\$6,847,502
Rounded						\$6,850,000

**Income Capitalization Approach – Commercial****Leased Status of Property**

As of the effective date of this appraisal, there are no signed LOIs, leases, or lease abstracts for the proposed development. The Sponsor has stated that ProFish, a seafood wholesaler warehouse located at 1900 Fenwick Street NE, will expand in to the proposed development and lease 43,000 square feet of industrial space on the lower level of the building and 5,000 square feet of ground floor retail space with mid-block frontage on Okie Street SE. There is an additional 5,000 square feet of ground floor retail space proposed, which is currently marketed as restaurant space and will be located at the corner of Okie and Kendal Street SE. An inventory of this space is presented below, along with the proposed ProFish lease terms.



**Rent Roll**

Tenant	SF	Lease Start	Lease End	Term (Mos.)	Lease Type	Contract Rent	Contract Rent/SF/Yr
Profish Industrial	43,000	4/1/2022	3/31/2037	180	Triple Net	\$860,000	\$20.00
Profish Retail	5,000	4/1/2022	3/31/2037	180	Triple Net	\$100,000	\$20.00
Vacant - Spec Retail	5,000				Triple Net		
Total/Average*	53,000					\$960,000	\$20.00
Vacant SF	5,000	9%					
Leased SF	48,000	91%					

\*Average contract rent is based on leased square feet.

For the purpose of this appraisal, we will apply market terms to the entirety of the commercial space.

The division of expense responsibilities between the owner and tenants for industrial/retail space in the submarket is typically a triple net deal, as shown below, where the tenant is responsible for a pro-rata share of all operating expenses.

**Subject Expense Structures**

Space Type Lease Type	Retail		Industrial	
	Triple Net		Triple Net	
	Owner	Tenant	Owner	Tenant
Real Estate Taxes		x		x
Insurance		x		x
Common Area Maintenance		x		x
General/Administrative		x		x
Management		x		x

For the purpose of our appraisal, we have applied a triple-net lease structure to the proposed commercial space.

**Market Rent Analysis**

To estimate market rent for the proposed commercial space, we analyze comparable rentals most relevant to the subject in terms of location, building class, size, and transaction date.

**Retail Space Rental Analysis**

Comparable rentals considered most relevant to the subject's retail space are summarized in the following table.



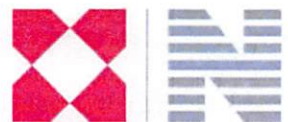
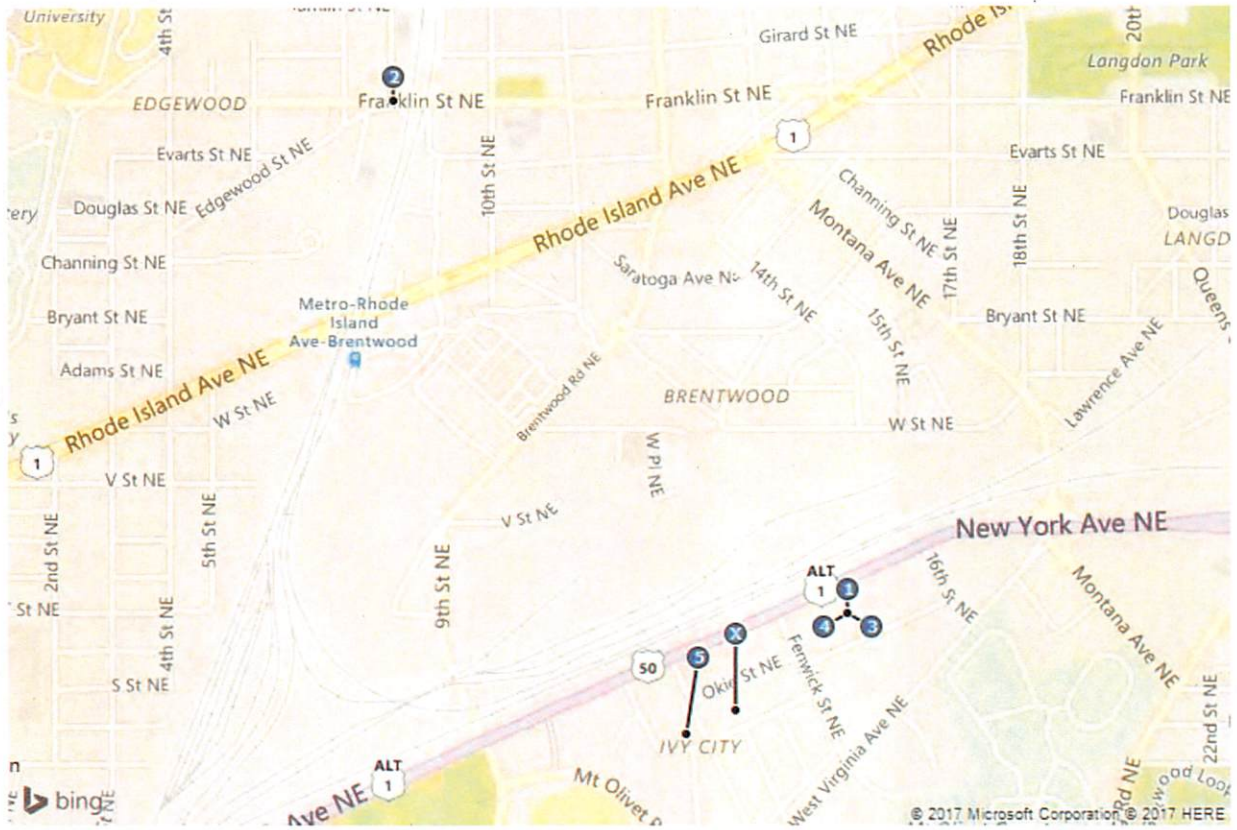
## Summary of Comparable Rentals - Retail

No.	Property Information	Description	Tenant	SF	Lease Start	Term (Mos.)	Rent/SF	Escalations	Lease Type
1	Hecht Warehouse District, Tower I and II 1401 New York Ave.NE. Washington DC	Yr Blt. 1937-1948; Stories: 6 GLA: 463,648	Kick Axe R. 2015	18,000	Aug-17	120	\$20.00	Fixed Percentage	Triple Net
<i>Comments: "Kick"Axe" occupies 6,000 square feet on the ground floor and 12,000 square feet on the lower level, 18,000 square feet in total. The lease includes a tenant improvement allowance of \$30 per square foot and a 12.5% escalation in year 5. The term consists of ten years.</i>									
2	3321-3329 8th St. NE. Washington DC	Yr Blt. 1954 Stories: 2 GLA: 19,260	Annie's Ace Hardware	7,400	Jul-15	120	\$28.00	Fixed Percentage	Triple Net
<i>Comments: This is a new 10-year lease with Ace Hardware store, which includes the base rent of \$28 per square foot, triple net, 3% annual escalations, and \$35 per square foot in tenant improvements.</i>									
3	Hecht Warehouse District, Tower I and II 1401 New York Ave.NE. Washington DC	Yr Blt. 1937-1948; Stories: 6 GLA: 463,648	Planet Fitness R. 2015	20,000	May-15	120	\$22.00	Fixed Percentage	Triple Net
<i>Comments: This lease includes a 12.5% increase escalation in year 5. The term is 10 years with a tenant improvement allowance of \$50 per square foot. The tenant "Planet Fitness" occupies 20,000 square feet on the second floor and pays a rent of \$22 per square foot triple net.</i>									
4	Hecht Warehouse District, Tower I and II 1401 New York Ave.NE. Washington DC	Yr Blt. 1937-1948; Stories: 6 GLA: 463,648	Nike R. 2015	15,506	Apr-15	120	\$28.00	Fixed Steps	Triple Net
<i>Comments: This lease includes \$75.00 per square foot in TI's over a cold dark shell. No free rent was given to the tenant. The tenant's rent escalates as follows: Year 1: \$28.00/SF, Year 2: \$29.00/SF, Years 3-5: \$31.00/SF, and Years 6-10: \$35.65/SF. The lease also includes percentage rent over a natural break-point. This space is a single-story retail space, which is located at the corner of New York Avenue and Fenwick Street, NE. Visibility is above average.</i>									
5	Kendall Street Industrial Property 1900 Kendall St. NE. Washington DC	Yr Blt. 1950; R. 2017 Stories: 1 GLA: 19,263	Listing	20,000	Sep-17	-	\$29.95	Fixed Percentage	Triple Net
<i>Comments: This listing includes 20,000 square feet. The property is currently going through renovations and will be available starting January 2018. The asking rent is \$29.95 per square foot, triple net. The property is located at the intersection of Kendall &amp; Gallaudet Street NE.</i>									





### Comparable Rentals Map - Retail





Lease 1  
Hecht Warehouse District, Tower I and II



Lease 2  
3321-3329 8th St. NE



Lease 3  
Hecht Warehouse District, Tower I and II



Lease 4  
Hecht Warehouse District, Tower I and II



Lease 5  
Kendall Street Industrial Property

Crummell School



### Rental Analysis Factors

The following elements of comparison are considered in our analysis of the comparable rentals.

<b>Rental Analysis Factors</b>	
Expense Structure	Division of expense responsibilities between landlord and tenants.
Conditions of Lease	Extraordinary motivations of either landlord or tenant to complete the transaction.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.
Location	Market or submarket area influences on rent; surrounding land use influences.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts.
Size	Difference in rental rates that is often attributable to variation in sizes of leased space.
Building Quality	Construction quality, amenities, market appeal, functional utility.
Age/Condition	Effective age; physical condition.
Economic Characteristics	Variations in rental rate attributable to such factors as free rent or other concessions, pattern of rent changes over lease term, or tenant improvement allowances.

### Analysis of Comparable Rentals - Retail

The comparable rentals are compared to the subject and adjusted to account for material differences that affect market rental value. The following table summarizes our analysis of each comparable.



**Rental Analysis Summary - Retail**

No.	Property Name; Tenant	Leased SF	Rent/SF	Overall Comparison to Subject	Comments
1	Hecht Warehouse District, Tower I and II Kick Axe	18,000	\$20.00	Inferior	This lease is a blended rent including ground floor space (6,000 SF @ \$30.00/SF, NNN) and lower level space (12,000 SF @ 15.00/SF, NNN) with no visibility. The lease rate that would apply to the retail space would be around \$30.00/SF, NNN, which is considered appropriate for the subject.
2	3321-3329 8th St. NE Annie's Ace Hardware	7,400	\$28.00	Similar	The inferior age/condition of the property counteracts the superior surrounding area (based on retail asking rents and median household income levels) compared to the subject.
3	Hecht Warehouse District, Tower I and II Planet Fitness	20,000	\$22.00	Inferior	This is of space located on the second floor of the building with no frontage in the rear of the building along Fenwick and Okie Street NE. Inferior visibility compared to the subject's proposed location.
4	Hecht Warehouse District, Tower I and II Nike	15,506	\$28.00	Superior	This is an older lease of prime retail space with superior visibility compared to the subject. Effective rental rate as of this space as of the effective date of this appraisal is \$31.00/SF, NNN.
5	Kendall Street Industrial Property Listing	20,000	\$29.95	Similar	Will be renovated industrial/retail space near the subject upon delivery in January 2018.

In our table above, we have a base rent range of \$20.00/SF, NNN to \$29.95/SF, NNN. Comparables 1, 3, and 4 are part of the larger Hecht Warehouse District which includes multiple buildings near the Hecht Warehouse apartment community in Ivy City. We consider these comparables to be a good indication of what retail rent levels will be achievable for the subject.

Comparable 1 is a recently signed lease of 2-level retail space located at the intersection with poor visibility of Okie Street NE. This lease rate is a blended rent where \$30.00/SF, NNN, are attributed to the ground floor retail space and \$15.00/SF, NNN is attributed to the lower level retail space in the building. We would consider the ground floor retail rent, \$30.00/SF, to be appropriate for the subject's ground floor retail space.

Comparable 3 is an older lease (signed in 2014) for retail space located on the second floor of the Hecht Warehouse, adjacent to the properties apartment building. The lease rate as of the effective date of this appraisal is \$22.00/SF, NNN. We consider this lease to be inferior to our subject's retail space. The subject will have superior visibility e.g. ground floor entrance, compared to this comparable.



Comparable 4 is an older lease (signed in 2014) for prime retail space located on New York Avenue NE. This lease has an irregular escalation pattern compared to typical retail space in the market. As of the effective date of this appraisal, the lease rate is \$31.00/SF, NNN. We consider this comparable to be somewhat superior to the subject due to its prime location.

Based on our analysis of the comparables, we consider that the most comparable leases have a rental range of \$28.00/SF, NNN to \$30.00/SF, NNN. After analysis, the comparables indicate that a rental rate of \$30.00 per square foot per year, NNN, is applicable to the subject's retail space.

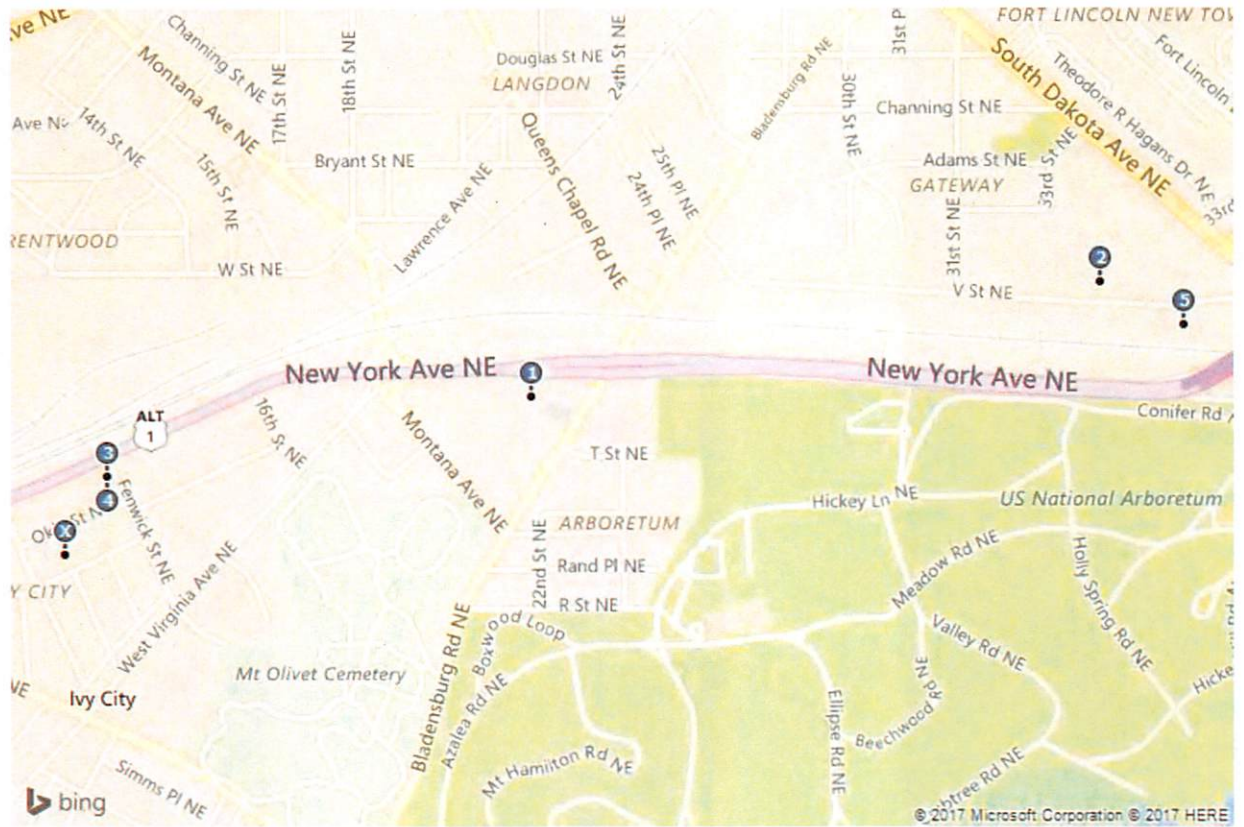
### Industrial Space Rental Analysis

Comparable rentals considered most relevant to the subject's industrial space are summarized in the following table.

Summary of Comparable Rentals - Industrial									
No.	Property Information	Description	Tenant	SF	Lease Start	Term (Mos.)	Rent/SF	Escalations	Lease Type
1	Industrial/Retail Property on NY 2101 New York Ave. NE. Washington DC	Yr Blt. 1956 Stories: 1 GLA: 24,633	Electric Supply	13,000	Jul-16	60	\$14.50	Fixed Percentage	Triple Net
<i>Comments: This represents a new 5-year lease with a electric supply retailer. The deal includes base rent of \$14.50 per SF (NNN) with 3% annual escalations. No TIs or free rent were provided.</i>									
2	Government Mails 3300 V St. NE. Washington DC	Yr Blt. 1959 Stories: 2 GLA: 53,000	Industrial Tenant	19,954	Aug-15	36	\$9.75	Fixed Percentage	Triple Net
<i>Comments: This is a new 3-year lease that includes the base rent of \$9.75 per square foot, triple net, 3% annual escalations, and approximately \$2 per square foot in tenant improvements.</i>									
3	1369 New York Avenue, NE 1369 New York Ave. NE. Washington DC	Yr Blt. 1950 Stories: 2 GLA: 23,250	Republic Restorative	7,000	Jul-15	120	\$13.00	Fixed Percentage	Triple Net
<i>Comments: This is a new 10-year with a distillery tenant. The deal includes base rent of \$13 per SF (NNN) with \$7.50 per SF in TIs and six months free rent. The rent escalates at 7% annually during the first six years, then 3% for the last four years.</i>									
4	1369 New York Avenue, NE 1369 New York Ave. NE. Washington DC	Yr Blt. 1950 Stories: 2 GLA: 23,250	Union Kitchen	17,000	Jul-15	120	\$13.00	Fixed Percentage	Triple Net
<i>Comments: This is a new 10-year lease with Union Kitchen, a food incubator. The deal includes base rent of \$13 per SF (NNN) with \$7.50 per SF in TIs and three months free rent. The rent escalates at 7% annually during the first five years, then 5% for the last five years.</i>									
5	V Street Industrial Warehouse 3525 V St. NE. Washington DC	Yr Blt. 1955 Stories: 1 GLA: 30,753	DC Arc	7,800	Oct-14	60	\$10.50	Fixed Percentage	Triple Net
<i>Comments: This represents the lease of 7,800 square feet of industrial space. The lease rate is \$10.50 per square foot, triple net, with an escalation rate of 3% annually. The CAM fee for the space is \$2.00/SF. The term of the lease is 5 years. The space was leased as is and is in good condition. The ceiling heights for the space 18 feet and approximately 800 SF (10.26%) of the unit has a finished office build out. The space was leased by DC Arc, a non-profit group.</i>									



### Comparable Rentals Map - Industrial





Lease 1  
Industrial/Retail Property on NY Avenue



Lease 2  
Government Mails



Lease 3  
1369 New York Avenue, NE



Lease 4  
1369 New York Avenue, NE



Lease 5  
V Street Industrial Warehouse



### Analysis of Comparable Rentals - Industrial

Our analysis of the comparable rentals is summarized in the following table.

Rental Analysis Summary - Industrial					
No.	Property Name; Tenant	Leased SF	Rent/SF	Overall Comparison to Subject	Comments
1	Industrial/Retail Property on NY Avenue Electric Supply	13,000	\$14.50	Inferior	Inferior age/condition compared to the subject upon completion.
2	Government Mails Industrial Tenant	19,954	\$9.75	Inferior	Inferior age/condition compared to the subject upon completion.
3	1369 New York Avenue, NE Republic Restorative	7,000	\$13.00	Similar	
4	1369 New York Avenue, NE Union Kitchen	17,000	\$13.00	Similar	
5	V Street Industrial DC Arc	7,800	\$10.50	Inferior	Inferior age/condition compared to the subject upon completion.

We considered Comparables 3 and 4, somewhat older leases, to be the most similar to the subject's industrial space. These units are quasi retail/industrial space which is what the build out will be for the industrial space in the subject property. Furthermore, these facilities have a strong location with good visibility and access to a major roadway (US 50) near the subject property. These two comparables have an irregular escalation pattern where they escalate at a rate of 7% annually for the first 6 and 5 years of the lease respectively.

Considering this, the effective base rent for Comparable 3 and 4 in year 1 of the lease, with a typical escalation pattern of 3.0% annually, would be \$14.97/SF, NNN and \$15.15/SF, NNN respectively. As of the effective date of this appraisal (year 3 of the lease), the lease rate, under a typically escalation pattern, would be \$15.88/SF, NNN for Comparable 3 and \$16.07/SF, NNN for Comparable 4.

Comparable 1 it is the most recent lease in the subject's submarket. This is an older building compared to the subject property upon completion, so we expect the subject to have a slightly higher lease rate compared to this comparable. There is also a very limited supply of newly built industrial space within the District of Columbia. We would expect for the subject to have a lease rate higher than this comparable. Based on this information, we would expect the subject industrial space to lease for approximately \$15/SF, NNN, with a standard tenant improvement allowance ( $\pm$ \$10/SF). The subject space is proposed to be built out with equipment specific to ProFish's needs, including refrigerated space, which will be funded by a TI allowance of \$50/SF. Landlords and tenants typically estimate the value of above-market TIs at a rate of approximately \$1.00 in rent for every \$10 in TIs. Accordingly, we conclude to a market rent of \$19.00 per square foot (\$15.00 + \$4.00 excess TI).

After analysis, the comparables indicate that a rental rate of \$19.00 per square foot per year, NNN is applicable to the subject's industrial space.





### Market Rent Conclusion

Based on the preceding analysis of comparable rentals and recent leases at the subject, we conclude market lease terms for the subject as follows.

Concluded Market Lease Terms										
Space Type	SF	Market		Rent		Lease Type	Lease	TI/SF Shell	TI/SF New	TI/SF Renew
		Rent	Measure	Escalations	Term (Mos.)					
Retail	10,000	\$30.00	\$/SF/Yr	3.00% Annually		Triple Net	120	\$50.00	\$30.00	\$15.00
Industrial	43,000	\$19.00	\$/SF/Yr	3.00% Annually		Triple Net	120	\$50.00	\$10.00	\$5.00

### Stabilized Income and Expenses

#### Potential Gross Rent

Because the property is not actually encumbered by any leases as of the effective appraisal date, potential gross rent is based on market rent, as shown in the following table. Income is projected for the 12-month period following the effective date of the appraisal.

Potential Gross Rent						
Space Type	SF	Potential Rent at Contract (1)		Potential Rent at Market		Contract as % of Market
		Annual	\$/SF/Yr	\$/SF/Yr	Annual	
Leased Space						
Retail	5,000	\$100,000	\$20.00	\$30.00	\$150,000	67%
Industrial	43,000	\$860,000	\$20.00	\$19.00	\$817,000	105%
Total Leased	48,000	\$960,000	\$20.00	\$20.15	\$967,000	99%
Vacant Space						
Retail	5,000	\$150,000	\$30.00	\$30.00	\$150,000	100%
Total Vacant	5,000	\$150,000	\$30.00	\$30.00	\$150,000	100%
Total Subject	53,000	\$1,110,000	\$20.94	\$21.08	\$1,117,000	99%

<sup>1</sup> Contract rent for leased space; vacant space at market.

#### Expense Reimbursements

Expenses attributed to the retail tenant are anticipated to be passed-through based on terms of a triple net lease structure. However, rather than project reimbursable expenses for the retail tenant and corresponding operating expenses, our analysis excludes these items given they “net” out.

#### Vacancy & Collection Loss

Based on the quality of the proposed space, the expected length of the ProFish lease, and practices of typical investors in the market, we apply a 5.0% deduction for vacancy and collection loss.

#### Effective Gross Income

Effective gross income is calculated at \$1,061,150 for the effective date of this appraisal.



**Expenses**

As stated earlier, expenses attributable to the retail tenants are anticipated to be passed-through based on triple net lease terms. We, therefore, do not deduct for operating expenses.

**Net Operating Income**

Based on the proceeding income and expense projections, stabilized net operating income is estimated at \$1,061,150 as of the effective date of this appraisal.



## Capitalization Rate Selection

A capitalization rate is used to convert net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership. We consider the following data in selecting a capitalization rate for the subject.

### Capitalization Rate Comparables

No.	Property Name	City	State	Year Built	Sale Date	Gross Leasable Area	% Occup.	Price/SF	Cap Rate
1	Washington Business Park	Lanham	MD	2001	12/21/2016	45,060	100%	\$148.69	6.10%
2	Prosperity Business Center	Merrifield	VA	1972	9/7/2016	71,373	100%	\$176.54	6.24%
3	Muirkirk Business Center I & II	Beltsville	MD	1987	3/5/2015	97,927	91%	\$100.59	7.75%
4	Ravensworth Industrial Park	Springfield	VA	1971	1/15/2015	59,986	100%	\$132.11	7.40%
5	V Street Industrial Portfolio	Washington	DC	1958	1/29/2015	820,207	95%	\$140.82	5.80%
6	Ardmore Industrial Center	Landover	MD	1987-1991	12/17/2014	384,313	89%	\$81.18	5.90%
7	2052 West Virginia Avenue, NE	Washington	DC	1947	12/15/2014	36,000	100%	\$120.00	7.80%
8	Laurel Commerce Center	Laurel	MD	1989	12/8/2014	58,609	100%	\$102.37	7.90%
9	6100 Columbia Park Road	Hyattsville	MD	1969	4/3/2014	149,746	100%	\$89.48	6.50%
Average (Mean) Cap Rate:									6.82%

There has been a limited amount of investor sales of industrial buildings within Washington, DC and neighboring submarkets. Furthermore, the limited industrials within the city have mostly been redevelopment deals such as 1270 4<sup>th</sup> Street NE in November 2015 (Union Market Redevelopment), 500 Penn Street NE in January 2014, (Union Market Redevelopment), and 1401 Okie Street NE on September 2014 (Hecht Warehouse Redevelopment). As a result, we have expanded our search to include industrial property in the neighboring suburbs of Washington, DC.

Based on this data, capitalization rates range from 5.80% to 7.90%.

We place emphasis on Comparable 7. This is a sale of a newly renovated industrial building (at the time) in Ivy City. The property was nearly 100% industrial space and had a reported capitalization rate of 7.80% on going-in numbers with contract rent 18% above market. Taking this into consideration, applying market rent to the property would yield an adjusted capitalization rate closer to 6.40%.

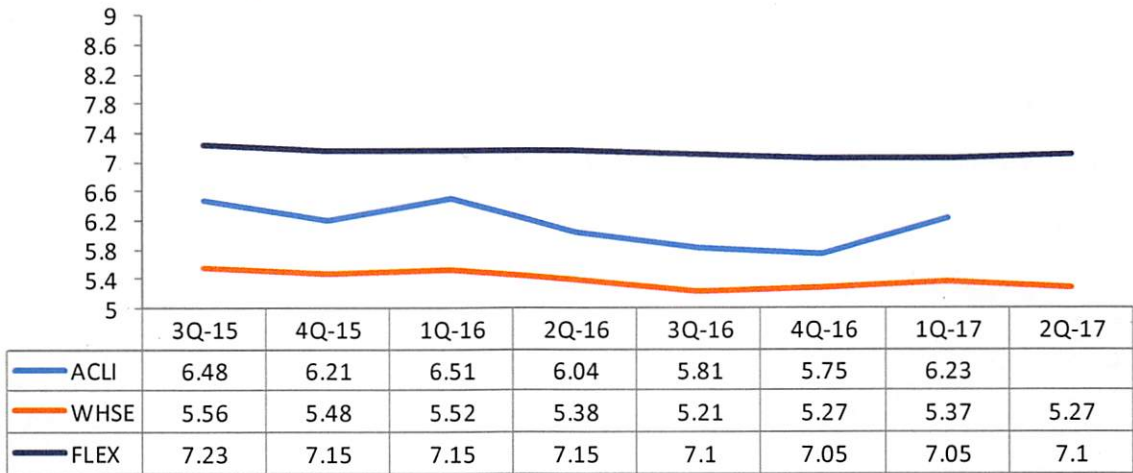
Comparables 1, 5, and 6 were mostly occupied by credit tenants that time of sale which positively affected the capitalization rates at the time of sale. We assume the subject will have a capitalization rate inferior (higher) than these comparables.

Comparable 8 had in-place deferred maintenance at the time of sale which negatively affected the sale price. We expect the subject to have a capitalization rate slight superior (lower) than this comparable.

Taking this into consideration, we concluded to an adjusted range of 6.25% to 7.5% for the subject.



### Industrial Capitalization Rate Trends



ACLI - American Council of Life Insurers Investment Bulletin - Capitalization Rates - Industrial Properties  
 WHSE - PwC- National Warehouse Market  
 FLEX - PwC - National Flex/R&D Market

The most recent ACLI survey data indicates that a going-in for investment grade industrial property averaged 6.23% in first quarter 2017 but that average has greatly fluctuated over the past three years.

Based on an analysis of the preceding data, a going-in capitalization rate for the subject is indicated within a range of 6.25% to 7.25%. To reach a capitalization rate conclusion, we consider each of the following investment risk factors to gauge its impact on the rate. The direction of each arrow in the following table indicates our judgment of an upward, downward, or neutral influence of each factor.

Risk Factor	Issues	Impact on Rate
Income Characteristics	Rollover risk, escalation pattern, above/below market rents, major tenant credit strength.	↔
Competitive Market Position	Construction quality, appeal, condition, effective age, functional utility.	↓
Location	Market area demographics and life cycle trends; proximity issues; access and support services.	↓/↔
Market	Vacancy rates and trends; rental rate trends; supply and demand.	↓
Highest & Best Use		↔
Overall Impact		↓



Accordingly, we conclude that if the subject were to be conveyed in fee simple, the appropriate capitalization rate would be 6.50%. As in the multifamily analysis, we add a 25 basis point premium to this fee simple capitalization rate for valuation of the leasehold interest, and conclude to a capitalization rate as follows:

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#### Capitalization Rate Conclusion

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Going-In Capitalization Rate	6.75%
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#### Direct Capitalization Analysis

Net operating income is divided by the capitalization rate to indicate the stabilized value of the subject. Valuation of the subject by direct capitalization is shown below.

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#### Direct Capitalization

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Effective Gross Income	\$1,061,150
Expenses	\$0
Net Operating Income	\$1,061,150
Capitalization Rate	6.75%
Indicated Value	\$15,720,741
Rounded	\$15,700,000

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#### Inflation Factor

As shown in the Industrial Market Analysis presented previously, there has been a tremendous increase in asking rental rates for industrial property in Washington, DC. In 2013, the average asking rental rate for industrial space was \$9.31/SF, NNN. As of 2016, the average asking rental rate has increased to \$15.41/SF, NNN. This is in part due to the very limited supply of industrial space in the District of Columbia. A reduced supply has driven lease rates up in the immediate area.

In addition, we have reviewed most recent investor survey data for market rent growth and expense growth expectations, shown below.

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#### Investor Surveys – Industrial Properties

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	IRR-ViewPoint Mid Year 2017 National Industrial	IRR-ViewPoint Mid Year 2017 National Flex Industrial	PwC 2Q-17 National Warehouse	PwC 2Q-17 National Flex R/D
<b>Market Rent Growth Rate</b>				
Range	0% - 10.00%	0.00% - 5.00%	0.0% - 5.0%	0.0% - 4.0%
Average	2.63%	2.25%	2.55%	2.50%
<b>Expense Growth Rate</b>				
Range	5.50% - 9.75%	6.25 - 9.50%	0.00% - 3.00%	0.0% - 3.0%
Average	7.25%	7.94%	2.45%	2.60%

Source: Viewpoint 2017, published by Integra Realty Resources; PwC Real Estate Investor Survey.

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Considering these rental trends in the subject's market as well as the limited supply of product type in the city and the subject's surrounding neighborhoods, we apply a rent growth rate of 3.0% annually, or 0.25% monthly for 69 months till stabilization, July 1, 2023.

### Prospective Market Value at Stabilization

Our inflated net operating income is divided by the capitalization rate to indicate the stabilized value of the subject as of the prospective date of stabilization.

Prospective Direct Capitalization Analysis		
	Annual	\$/SF
Prospective Market Value at Stabilization		
Stabilized NOI as of Eff. Date	\$1,061,150	\$20.02
Inflated Stabilized NOI @ 3.00% for 69 months	\$1,257,843	\$23.73
Capitalization Rate	6.75%	
Stabilized Indicated Value	\$18,634,706	\$351.60
<b>Rounded</b>	<b>\$18,600,000</b>	<b>\$350.94</b>
	Annual	\$/SF
Prospective Market Value at Completion		
Indicated Stabilized Value	\$18,634,706	\$351.60
Lease-Up Cost	-\$2,810,000	-\$53.02
Indicated Value at Completion	\$15,824,706	\$298.58
<b>Rounded</b>	<b>\$15,800,000</b>	<b>\$298.11</b>

### Lease-Up Costs

The following table summarizes our estimate of lease-up costs for the subject space.

Lease-Up Costs									
Tenant	SF/Units	Assumptions				Costs			
		Months Vacant	Lease Term (Mos.)	TI's/SF	LC %	Fore-gone Rent	TI's	LC	Total
Profish Industrial	43,000	0		\$50.00		\$0	\$2,150,000		\$2,150,000
Profish Retail	5,000	0		\$50.00		\$0	\$250,000		\$250,000
Vacant - Spec Retail	5,000	0	120	\$50.00	6.0%	\$0	\$250,000	\$90,000	\$340,000
Totals						\$0	\$2,650,000	\$90,000	\$2,740,000
Profit for Lease-up Risk		20%							\$68,000
Grand Total									\$2,808,000
Rounded									\$2,810,000

We assume that the subject property will be pre-leased at the point of completion. As a result, there will be no forgone rent/downtime once construction is completed. Furthermore, we assume that no leasing commission will be due on the ProFish lease because of their relationship with the development team, and do not apply any profit allowance to the ProFish lease-up costs for the same reason. Finally, we have not applied an inflation factor to the lease-up costs, as the primary driver of lease-up costs (tenant improvements) are typically pre-negotiated on a nominal basis.



### Income Capitalization Approach – Combined Value Indication

In the following table, we calculate the prospective value of the overall property at completion and at stabilization in both the 20% ADU Scenario and the 30% ADU Scenario by adding together the respective value indications developed for each component.

<b>Combined Value Indications</b>		
	20% ADU Scenario	30% ADU Scenario
Multifamily at Stabilization	\$127,300,000	\$114,700,000
Commercial at Stabilization	\$18,600,000	\$18,600,000
<b>Combined Value at Stabilization</b>	<b>\$145,900,000</b>	<b>\$133,300,000</b>
Multifamily at Completion	\$119,800,000	\$107,800,000
Commercial at Completion	\$15,800,000	\$15,800,000
<b>Combined Value at Completion</b>	<b>\$135,600,000</b>	<b>\$123,600,000</b>



## Residual Analysis

To arrive at an “as-is” (pre-development) leasehold value indication, we make deductions from the “upon completion” values indicated in each scenario for direct construction costs, indirect costs (excluding lease-up costs, which have already been deducted from the upon-completion values), and required entrepreneurial incentive (developer profit). The calculation of these costs is discussed below.

### Direct Costs

Direct costs are expenditures for labor, materials, equipment and contractor’s overhead and profit. We use Marshall Valuation Service (MVS) as the basis of our direct cost estimate. In addition to direct costs, MVS includes certain indirect costs such as architectural and engineering fees, and interest on building loan funds during construction. Our component estimates of direct costs associated with the proposed building improvements are shown below. Note that our commercial space cost estimates (industrial and retail) are intended to reflect delivery of a shell, rather than fully built-out space, because tenant improvement costs have been accounted for separately as a lease-up cost.

<b>Building Improvements - Unit Costs</b>					
<b>Building 1 Name:</b>	<b>Multifamily</b>				
MVS Building Type:	Apartments	Unit	SF	Current Multiplier	1.070
Const Class:	B/D	Unit Cost	\$123.60	Local Multiplier	1.090
Quality:	Good	Sprinklers:	\$2.50	Story Ht Multiplier	1.010
Quality Rating:		HVAC Adjust		Perimeter Multiplier	1.000
Section/Page	11/18	Other:			
Economic Life	55	Subtotal:	\$126.10	Final Unit Cost	\$148.54
<b>Building 2 Name:</b>	<b>Retail</b>				
MVS Building Type:	Shell Apartment	Unit	SF	Current Multiplier	1.070
Const Class:	B	Unit Cost	\$90.00	Local Multiplier	1.090
Quality:	Good	Sprinklers:	\$2.50	Story Ht Multiplier	1.010
Quality Rating:		HVAC Adjust		Perimeter Multiplier	1.000
Section/Page	11/20	Other:			
Economic Life	55	Subtotal:	\$92.50	Final Unit Cost	\$108.96
<b>Building 3 Name:</b>	<b>Industrial</b>				
MVS Building Type:	Industrial Basement	Unit	SF	Current Multiplier	1.060
Const Class:	A-B	Unit Cost	\$72.06	Local Multiplier	1.090
Quality:	Display/Storage	Sprinklers:	\$2.50	Story Ht Multiplier	1.010
Quality Rating:		HVAC Adjust		Perimeter Multiplier	1.000
Section/Page	14/18	Other:			
Economic Life	55	Subtotal:	\$74.56	Final Unit Cost	\$87.01
<b>Building 4 Name:</b>	<b>Parking</b>				
MVS Building Type:	Apartment Basement	Unit	SF	Current Multiplier	1.070
Const Class:	A-B	Unit Cost	\$53.50	Local Multiplier	1.090
Quality:	Parking	Sprinklers:	\$2.50	Story Ht Multiplier	1.010
Quality Rating:		HVAC Adjust		Perimeter Multiplier	1.000
Section/Page	11/19	Other:			
Economic Life	55	Subtotal:	\$56.00	Final Unit Cost	\$65.97
Source: Marshall Valuation Service					





### Indirect Costs

MVS does not include all of the indirect costs that are appropriate in a replacement cost estimate. Therefore, we add an allowance for the following indirect costs that are not contained within MVS: taxes and carrying costs on land during construction; legal and accounting fees; and marketing and finance costs prior to stabilization. These costs typically range from 15% to 25% of direct costs if lease-up costs are included, or 10% to 15% if lease-up is accounted for separately. In the following chart, we have presented the developer's budget, and isolated indirect costs not included in MVS costs or elsewhere in our analysis in the far right column.

<b>Developer Budget Adjustment and Reconciliation</b>				
Budget Line Item	Residential	Commercial <sup>1</sup>	Combined	Indirect Add-Ons
Crummell Renovation			\$14,000,000	Treated Separately
Entitlements			\$1,500,000	\$1,500,000
Environmental			\$2,000,000	\$2,000,000
A & E (7.00% of Construction)	\$4,401,250	\$569,161	\$4,970,411	In MVS Costs
Legal	\$200,000	\$250,000	\$450,000	\$450,000
G & A (6.00% of A & E, Construction)	\$4,036,575	\$522,002	\$4,558,577	In MVS Costs
Permits / Fees & Bonds	\$984,000	\$153,952	\$1,137,952	In MVS Costs
Real Estate Taxes	\$393,468	\$114,879	\$508,347	\$508,347
Construction - Residential	\$61,485,000		\$61,485,000	Direct Cost
Construction - Retail		\$8,130,873	\$8,130,873	Direct Cost
Other Construction	\$1,390,000		\$1,390,000	Direct Cost
Testing & Inspections	\$820,000	\$128,294	\$948,294	In MVS Costs
Tenant Improvements		\$2,565,873	\$2,565,873	In Lease-Up Costs
Broker Commissions (Cash)		\$264,695	\$264,695	In Lease-Up Costs
Marketing	\$500,000	\$50,000	\$550,000	\$550,000
Contingency (5.00% of A&E, Construction)	\$3,363,813	\$435,002	\$3,798,815	
Debt Financing Costs - Upfront	\$2,380,957	\$368,406	\$2,749,363	\$2,749,363
Interest Carry (Net)	\$3,133,547	\$259,031	\$3,392,578	\$3,392,578
<b>Totals</b>	<b>\$83,088,610</b>	<b>\$13,812,168</b>	<b>\$114,400,778</b>	<b>\$11,150,289</b>
			Indirect Costs as % of Directs	10.80%
			Indirect Costs as % of Directs ex. Crummell	12.49%
			Indirect Costs as % of Directs ex. Crummell & Contingencies	13.05%

1. Developer budgets reflect an initial planned commercial improvement size of 63,000 RSF; Costs reported here have been adjusted by NKF as appropriate based on currently proposed 53,000 SF commercial space

Source: Developer Pro-Forma 9/18/17

This analysis indicates that the budgeted indirect costs represent about 12.5% of direct costs, including contingencies but excluding the Crummell School renovation. If contingencies are excluded as well, indirect costs are budgeted at 13.0% of direct costs. These figures are therefore considered reasonable and consistent with market data. Accordingly, we use a 13% indirect cost allowance in our cost estimate.



### Pre-Profit Cost Estimate

Based on the preceding information, we estimate the cost of constructing the proposed improvements (before accounting for necessary profit, and excluding the Crummell School renovation) at \$89,578,035, as shown below.

<b>Construction Cost Estimate - Current \$, Before Entrepreneurial Incentive</b>							
<b>Building Improvements</b>							
<i>Bldg Name</i>	<i>MVS Building Type</i>	<i>MVS Class</i>	<i>Quality</i>	<i>Quantity</i>	<i>Unit</i>	<i>Unit Cost</i>	<i>Cost New</i>
Multifamily	Apartments	B/D	Good	400,510	SF	\$148.54	\$59,491,785
Retail	Shell Apartment	B	Good	10,000	SF	\$108.96	\$1,089,600
Industrial	Industrial Basement	A-B	Display/Storage	43,000	SF	\$87.01	\$3,741,430
Parking	Apartment Basement	A-B	Parking	153,058	SF	\$65.97	\$10,097,236
Subtotal - Replacement Cost New							\$74,420,051
Plus: Indirect Cost						13%	\$9,674,607
<b>Total Replacement Cost New</b>							<b>\$84,094,658</b>
<b>Site Improvements</b>							
<i>Item</i>				<i>Quantity</i>	<i>Unit</i>	<i>Unit Cost</i>	<i>Cost New</i>
General Sitework				606,568	SF GBA	\$8.00	\$4,852,546
Subtotal - Replacement Cost New							\$4,852,546
Plus: Indirect Cost						13%	\$630,831
<b>Total Replacement Cost New</b>							<b>\$5,483,377</b>
<b>Overall Property</b>							
Building Improvements							\$74,420,051
Site Improvements							\$4,852,546
Subtotal - Replacement Cost New							\$79,272,597
Plus: Indirect Cost						13%	\$10,305,438
<b>Total Replacement Cost New</b>							<b>\$89,578,035</b>
Source: Marshall Valuation Service except for Sitework (from local cost comparables) and Indirect Costs							

This compares to the developer's budget (as adjusted for size, and excluding the Crummell School) of \$100,400,778, approximately \$11 million higher than our estimate. A significant portion of this gap (\$2,830,568, about one-third of the differential) is the result of tenant improvements and broker commissions being treated separately in our analysis. The remainder, in our opinion, reflects a combination of the following:

- The G&A (General and Administrative) add-on in the developer's budget, at 6% of total costs ( $\pm$ \$4.6 million), likely includes some return to the developer's entrepreneurial coordination efforts that would be more appropriately classified as entrepreneurial incentive.
- The budget includes \$3.8 million in contingencies, which may not ultimately be expended. While such an allowance is appropriate for financing and planning purposes, the potential for cost overruns is more properly treated (for purposes of this analysis) as a component of risk (and associated return requirements)

These three items (lease-up costs, G&A, and contingencies) represent approximately \$11.2 million, potentially accounting for the entirety of the difference from our estimates. The remaining difference, if any, would be well within the bounds of variation that would ordinarily be expected in cost estimation, especially given the atypical mix of uses (e.g., lower-level industrial) and the preliminary nature of the proposal being evaluated.



**Entrepreneurial Profit**

The final component of the replacement cost estimate is entrepreneurial profit, the financial reward that a developer would expect to receive in addition to recovering all direct and indirect costs. This is the expected compensation that would be necessary to motivate a developer to undertake the project.

Entrepreneurial profit/incentive is defined as follows: "A market-derived figure that represents the amount an entrepreneur expects to receive for his or her contribution to a project; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development."

Entrepreneurial profit can be further delineated by the profit margins necessary to: (1) satisfy the equity capital's hurdle requirements; and (2) properly motivate a developer to engage his expertise, risk a large percentage of his personal resources, and to spend the required to successfully complete the project. In today's market, it is easier to delineate the two sources of profit, as such projects are typically capitalized via a joint venture arrangement between a developer and a passive institutional equity source.

In the case at hand, we have assumed the project would be capitalized with 65% debt and 35% equity. Further, we assumed a 90/10 JV structure, with the institutional capital providing 90% of the equity requirement (31.5% of total project costs). The remaining 10% of equity is provided by the developer (3.5% of total project costs).

We have estimated the cost of equity capital at 15% for the institutional investor over the development timeline. A 55-month development timeline (to reach project completion) is assumed, as follows: 12 months to complete the comprehensive plan amendment process, 18 months to complete PUD and HPRB approvals, and 24 months for final permitting and construction, and an additional one-month delay contingency, resulting in completion circa March 2022. (Profit and carry costs to move from completion to stabilization are already accounted for in the deductions applied to convert the prospective stabilized value to an upon-completion value). We have assumed a developer equity multiple of 2.25x over the same 55-month time frame (on the developer's equity only), based on interviews with area developers as to their return requirements during an entitlement and construction period of this duration, relative to capital outlay timing requirements.



<b>Estimated Development Costs/Capitalization Breakdown &amp; Implied Cost of Equity</b>			
<b>Development Costs</b>			
Direct and Indirect Costs (New Construction)			\$89,578,035
<b>Capital Stack Summary &amp; Implied Cost of Equity Through Stabilization</b>			
		% Weight	
Total Equity (% Weight X Total Development Costs)		35.0%	\$31,352,312
Total Debt (% Weight X Total Development Costs)		65.0%	\$58,225,722
	% Weight	Adjusted Weight	
Institutional Equity	90.0%	31.50%	\$28,217,081
Developer Equity	10.0%	3.50%	\$3,135,231
		Return Requirement	
Institutional Cost of Equity (Annual IRR Requirement)		15.0%	\$28,140,981
Developer's Target Equity Multiple (Return On & Of Equity Invested)		2.25	\$3,919,039
Total Cost of Equity Through Stabilization			\$32,060,020
Cost of Equity as % of Development Costs			35.79%

This analysis indicates an entrepreneurial incentive requirement on the order of 36% of development costs, *assuming a land basis/acquisition cost of \$0*. This is somewhat higher than typical requirements for multifamily or mixed-use development in the local market, which ordinarily range from 20% to 30%.

Overall cost of equity/entrepreneurial incentive requirements vary widely from project to project, as it is largely driven by the length of the development horizon, risks associated with such development, capital flows in any particular market, and underlying cost of equity.

NFK has recently completed a survey of local and regional developers and investors, inquiring as to typical metrics of profit (value minus cost) as a percentage of construction costs. Respondents reported a range of 20% to 30% of costs for projects with a "typical" development horizon (3 to 4 years to stabilization). The upper end of this range is typically associated with projects that require PUD approvals or other specialized entitlements. The additional margin requirement indicated for the subject is the result of the extended entitlement period required for the proposed Development Program, while will also require a comprehensive plan amendment and HPRB approval. However, the subject's capital outlay requirements will be heavily back-loaded, with the vast majority of funds not expended until the latter half of the development period (i.e. actual construction period). Accordingly, we apply a somewhat lower entrepreneurial incentive allowance of 30% direct and indirect costs (i.e., at the top end of the normal market range).

This entrepreneurial incentive is applied to the new development costs only (i.e., excluding the Crummell School building renovation). As discussed, it is our opinion that, given the cap on the developer's renovation cost exposure, the required "profit" on this undertaking is limited to an allocation for construction management overhead, estimated at 5% of the \$14 million projected renovation cost.



By subtracting all costs necessary to complete the proposed development from the prospective at-completion value, we arrive at a current indication for the property under the 20% and 30% ADU Scenarios as follows:

<b>Residual Analysis</b>	20% ADU Scenario	30% ADU Scenario
Prospective Value at Completion	\$135,600,000	\$123,600,000
Direct and Indirect Costs (New Construction)	\$89,578,035	\$89,578,035
Entrepreneurial Incentive	\$26,873,410	\$26,873,410
Crummell School Renovation	\$14,000,000	\$14,000,000
Crummell Renovation Profit	\$700,000	\$700,000
Total Development Cost	\$131,151,445	\$131,151,445
Indicated Value	\$4,448,555	-\$7,551,445
<b>Rounded</b>	<b>\$4,400,000</b>	<b>-\$7,600,000</b>

As shown, this analysis indicates a positive value for the site in the 20% ADU Scenario, and a substantially negative value under the 30% ADU Scenario.

The \$4.4 million positive value indicated for the 20% ADU Scenario indicate that this iteration of the Development Program is financially feasible.

The 30% ADU Scenario, however, is determined not to be financially feasible. The extent of the affordability restrictions under this development program are such that, while the end-unit value is lower than the direct and indirect cost of construction, the projected return to equity (profit), at approximately \$20,021,965 or 19% of project costs, would be insufficient to justify the commitment of capital and entrepreneurial effort that the project will require.



**Reconciliation and Conclusion of Value**

To value the property “as is,” we utilized only the sales comparison approach, as this is the most reliable methodology for valuing land when sufficient comparable data exists. As discussed previously, only residual analysis is applicable to the valuation of the subject property under the affordability and use restrictions associated with the proposed Development Programs. Accordingly, we rely exclusively on this methodology to value the property in both the 20% and 30% ADU Scenarios.

The values indicated by our analyses are as follows:

<b>Value Conclusions</b>			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value "As Is" of Leasehold Interest	Leasehold	September 22, 2017	\$1 (Nominal)
Market Value Under 20% ADU Development Program	Leasehold	September 22, 2017	\$4,400,000
Market Value Under 30% ADU Development Program	Leasehold	September 22, 2017	\$1 (Nominal)

**Extraordinary Assumptions and Hypothetical Conditions**

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. All of our value opinions assume that the real property interest being evaluated would be conferred in the form of a long-term ground lease comprising the entirety of the site, except for the existing Crummell School building. Further, this appraisal assumes throughout that 1. the leaseholder would be responsible for renovating the Crummell School building for public use, at a cost not to exceed \$14 million, and 2. that the leasehold would have a term of 99 years, with all rent paid up front at commencement (i.e., a capitalized ground lease).
2. Our market value opinions under the 20% ADU Scenario and 30% ADU Scenario assume that these respective proposed development programs, including all necessary Comprehensive Plan amendments, Planned Unit Development approvals, and/or zoning map amendments, will ultimately be approved by the relevant governing bodies.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. The subject property has reportedly been leased/licensed to USRC (Union Station Redevelopment Corporation) for bus layover parking. The original lease commenced in 2012 for a base term of five years, with a five-year renewal option. It is our understanding that USRC has exercised this renewal option, extending the lease term to 2022. This appraisal operates under the hypothetical condition that this lease has been terminated.

As discussed, our analysis indicates that in either the “as is” condition or the 30% ADU Scenario, the obligations that would be associated with an acquisition of the leasehold interest result in a negative value indication, with feasibility shortfalls in these scenarios calculated at -\$3,400,000 and -\$7,600,000, respectively. Nonetheless, we have reported a market value opinion of \$1 (nominal consideration), as transfer of a real property interest requires that consideration be exchanged, and there is some



possibility that a philanthropically motivated buyer may be willing to pay some nominal consideration to acquire the leasehold and take a loss (or below-market profit) on the actual development.

### **Impact of Potential Delay from Existing Lease**

As noted in the Extraordinary Assumptions and Hypothetical Conditions, the property is currently subject to a lease agreement with a remaining term of approximately five years, which has been hypothetically assumed not to exist for purposes of this appraisal. If this lease is not terminated, development of the site would be delayed, likely by 2.5 to 3 years. (Entitlements could be pursued while the lease continued to run its course, but construction could not begin until expiration.) Ordinarily, the impact on value of a delay of this type would be calculated by forecasting the rate of value change over the delay period, and then applying present value discounting to the expected future value. In the instant case, the subject property is concluded to have no or nominal market value in the “as is” condition or under the 30% ADU Scenario; this near-zero value cannot be meaningfully discounted. Furthermore, insofar as a party acquiring the proposed leasehold interest would not have to commit substantial capital until the entitlement-seeking phase, the longer lead time prior to the start of this process would not have a substantial impact on entrepreneurial incentive requirements. The client should be aware, however, that there are both risks and potential benefits associated with a potential delay in the implementation of the Development Program. The primary risks are business cycle risk (both macroeconomic recessionary risk and risk of a downturn in the local multifamily market), and the risk that increases in construction cost will outpace the rate of end-unit value growth, both of which become more pronounced under a longer time horizon. At the same time, the forecast trajectory of development in Ivy City is likely to result in above-average property value increases in the immediate area over the medium term. This value growth may well be sufficient to offset the risk associated with a delay in the commencement of development of the subject site.

### **Exposure Time**

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Based on the concluded market values stated previously, it is our opinion that the probable exposure time under the 20% ADU Scenario is 6 to 12 months. Both the “as is” and 30% ADU Scenario analyses indicate a significantly negative value for the proposed leasehold interest, due to the obligations that the proposed lease would convey to the lessee. In our opinion, a sale/disposition of the property subject to the leasehold restrictions (i.e., Crummell School renovation requirement in the “as is” analysis, or the 30% ADU Development Program including the Crummell School renovation in the 30% ADU Scenario) would be unlikely regardless of the exposure time, absent significant subsidies and/or the intervention of a philanthropically motivated party.



## Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Patrick Kerr, MAI, FRICS, SRA, has not made a personal inspection of the property that is the subject of this report. Samuel D. Sherwood, MAI, has personally inspected the subject.
12. Significant real property appraisal assistance was provided by George Robinson, Laura Spence and Chizzy Ohanyerenwa, who have not signed this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
14. As of the date of this report, Patrick C. Kerr, MAI, FRICS, SRA, and Samuel D. Sherwood, MAI, have completed the continuing education program for Designated Members of the Appraisal Institute.







Patrick C. Kerr, MAI, FRICS, SRA  
Senior Managing Director  
Certified General Real Estate Appraiser  
District of Columbia Certificate # GA10274



Samuel D. Sherwood, MAI  
First Vice President  
Certified General Appraiser  
District of Columbia Certificate # GA12136



## Assumptions and Limiting Conditions

1. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. NKF is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. However, NKF has not examined title and makes no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject's title should be sought from a qualified title company that issues or insures title to real property.
2. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. NKF professionals are not engineers and are not competent to judge matters of an engineering nature. NKF has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of NKF by ownership or management; NKF inspected less than 100% of the entire interior and exterior portions of the improvements; and NKF was not furnished any engineering studies by the owners or by the party requesting this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, NKF reserves the right to amend the appraisal conclusions reported herein.
3. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property was not observed by the appraisers. NKF has no knowledge of the existence of such materials on or in the property. NKF, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no



such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The Client is urged to retain an expert in this field, if desired.

NKF has inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the appraisal.

4. All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon the information submitted to NKF. This report may be subject to amendment upon re-inspection of the subject subsequent to repairs, modifications, alterations and completed new construction. Any estimate of Market Value is as of the date indicated; based upon the information, conditions and projected levels of operation.
5. It is assumed that all factual data furnished by the Client, property owner, owner's representative, or persons designated by the Client or owner to supply said data are accurate and correct unless otherwise specifically noted in the appraisal report. Unless otherwise specifically noted in the appraisal report, NKF has no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, NKF reserves the right to amend conclusions reported if made aware of any such error. Accordingly, the Client should carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify NKF of any questions or errors.
6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This appraisal is based on market conditions existing as of the date of this appraisal. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions that occur subsequent to the date of the appraisal. However, NKF will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
7. NKF assumes no private deed restrictions, limiting the use of the subject in any way.
8. Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposits or subsurface rights of value involved in this appraisal, whether they be gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered



unless otherwise stated in this appraisal report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.

9. NKF is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
10. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.
11. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. NKF does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of NKF.
12. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of NKF to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
13. Unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.
14. This study may not be duplicated in whole or in part without the specific written consent of NKF nor may this report or copies hereof be transmitted to third parties without said consent, which consent NKF reserves the right to deny. Exempt from this restriction is duplication for the internal use of the Client-addressee and/or transmission to attorneys, accountants, or advisors of the Client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this appraisal was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without the express written consent of NKF which consent NKF reserves the right to deny. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a "sale" or "offer for sale" of any "security", as such terms are defined and used in the Securities Act of 1933, as amended. Any third party, not covered by the exemptions herein, who may possess this report, is advised that they should rely on



- their own independently secured advice for any decision in connection with this property. NKF shall have no accountability or responsibility to any such third party.
15. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.
  16. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.
  17. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.
  18. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to NKF unless otherwise stated within the body of this report. If the consultant has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. NKF assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
  19. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or Client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the Appraiser nor NKF assumes responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.
  20. NKF assumes that the subject analyzed herein will be under prudent and competent management and ownership; neither inefficient nor super-efficient.
  21. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.



22. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.
23. The Americans with Disabilities Act (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, NKF has not made a specific compliance survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value estimated herein. Since NKF has no specific information relating to this issue, nor is NKF qualified to make such an assessment, the effect of any possible non-compliance with the requirements of the ADA was not considered in estimating the value of the subject.
24. Client shall not indemnify Appraiser or hold Appraiser harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate appraisal results to others, which acts of the Client proximately result in damage to Appraiser. The Client shall indemnify and hold Appraiser harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the appraisal report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover from the other reasonable attorney fees and costs.
25. The report is for the sole use of the Client; however, Client may provide only complete, final copies of the appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. Appraiser is not required to explain or testify as to appraisal results other than to respond to the Client for routine and customary questions. Please note that our consent to allow an appraisal report prepared by NKF or portions of such report, to become part of or be referenced in any public offering, the granting of such consent will be at our sole discretion and, if given, will be on condition that we will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to us, by a party satisfactory to us. We do consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.
26. Provision of an Insurable Value by the appraiser does not change the intended use or user of the appraisal. The appraiser assumes no liability for the Insurable Value estimate provided and does not guarantee that any estimate or opinion will result in the subject being fully insured for any possible loss that may be sustained. The appraiser recommends that an insurance professional be consulted. The Insurable Value estimate may not be a reliable indication of the replacement or reproduction cost for any date other than the effective date of this appraisal due to changing costs of labor and materials and due to the changing building codes and governmental regulations and requirements.
27. The appraisal is also subject to the following:



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**Extraordinary Assumptions and Hypothetical Conditions**

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The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. All of our value opinions assume that the real property interest being evaluated would be conferred in the form of a long-term ground lease comprising the entirety of the site, except for the existing Crummell School building. Further, this appraisal assumes throughout that 1. the leaseholder would be responsible for renovating the Crummell School building for public use, at a cost not to exceed \$14 million, and 2. that the leasehold would have a term of 99 years, with all rent paid up front at commencement (i.e., a capitalized ground lease).
2. Our market value opinions under the 20% ADU Scenario and 30% ADU Scenario assume that these respective proposed development programs, including all necessary Comprehensive Plan amendments, Planned Unit Development approvals, and/or zoning map amendments, will ultimately be approved by the relevant governing bodies.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. The subject property has reportedly been leased/licensed to USRC (Union Station Redevelopment Corporation) for bus layover parking. The original lease commenced in 2012 for a base term of five years, with a five-year renewal option. It is our understanding that USRC has exercised this renewal option, extending the lease term to 2022. This appraisal operates under the hypothetical condition that this lease has been terminated.
- 



**Addendum A**  
**Appraiser Qualifications**







**PATRICK C. KERR, MAI, SRA, FRICS**

**Senior Managing Director**

Newmark Knight Frank

840 First Street NE, Suite 460  
Washington, DC 20002

Pat.Kerr@ngkf.com

T 202-774-9040

F 885-226-8532

**Years of Experience**

42 Years

**Areas of Specialization**

- Valuation and Advisory

Senior Managing Director Patrick C. Kerr, MAI, SRA, FRICS, has been providing valuation and consulting services since the mid-1970s. He has prepared valuations and market studies on proposed, partially completed, renovated and existing structures. He has also performed appraisals on a wide variety of properties, including shopping centers, apartment complexes, industrial facilities, office buildings, office parks, mixed-use space, hotels and land. Mr. Kerr has made appraisals for condemnation purposes, estates, mortgage financing, equity participation and due diligence. One of his most important clients is the federal government: He has completed appraisals of several government facilities, including BRAC (Base Realignment and Closure) facilities, and has been a consultant to the U.S. General Services Administration, Internal Revenue Service, Department of Housing and Urban Development and U.S. Army Corps of Engineers.

Mr. Kerr has also served as portfolio manager for numerous appraisal portfolios for estate, lending and government purposes. He has worked with Signet Partners/GSA to manage an account of fair annual rent appraisals throughout the U.S. He has also managed a national account overseeing appraisals being done for USPS. In addition to his consulting work, Mr. Kerr is approved to work on projects for, but not limited to, the Virginia Department of Transportation, Maryland Department of Transportation, Fairfax, VA, Council of the District of Columbia, and Office of the Deputy Mayor for Planning and Economic Development.

Mr. Kerr joined Newmark Knight Frank in 2017, when the firm acquired several affiliates of Integra Realty Resources. At the time of the acquisition, he had been working at IRR for nearly 20 years as a senior managing director. Prior to IRR, Mr. Kerr founded and was president of Legg Mason Appraisal Group and Legg Mason Realty Group from 1983 to 1990.

**PROFESSIONAL AFFILIATIONS:**

- ◆ Board member, Integra Realty Resources, Inc., 1999 – 2001 and two additional terms of 18 years
- ◆ Member, Urban Land Institute (ULI), 1998 – 2001; co-author (with IRR-Baltimore), Baltimore metro area overview
- ◆ Board member, 1988 and 1989, 1992 – 1994; chairman, appraisal committee, 1991 – 1992, Greater Baltimore Board of Realtors
- ◆ Past local chapter president, past chair on several national committees, Appraisal Institute

Mr. Kerr is an MAI and SRA designated member of the Appraisal Institute as well as a former local chapter president and former chair of several national committees. He is also a fellow of the Royal Institute of



Chartered Surveyors (FRICS) and a certified real estate appraiser in the District of Columbia, Commonwealth of Virginia and states of Delaware, Maryland and West Virginia.

Additionally, Mr. Kerr is qualified as an expert appraiser in U.S. bankruptcy courts in Maryland (Baltimore and Greenbelt), Virginia (Alexandria), Baltimore City Circuit Court, Maryland State Tax Court and Wicomico County Court.

Mr. Kerr has been a frequent lecturer and guest speaker for many appraisal and civic organizations. In 1989, he was a guest speaker at the annual meeting of the Maryland Financial Services Association. He also spoke at that year's Department of Defense Housing Policy Conference.

Mr. Kerr earned a Master of Business Administration degree in finance from the University of Baltimore and a Bachelor of Business Administration degree in accounting from West Texas State University. He also has successfully completed numerous real estate-related courses and seminars sponsored by the Appraisal Institute and accredited universities as well as HUD Multifamily Accelerated Processing (MAP) Third Party Training. Currently, Mr. Kerr is certified by the Appraisal Institute's voluntary program of continuing education for its designated members.



## **SAMUEL D. SHERWOOD, MAI**

### **First Vice President**

Newmark Knight Frank

840 First Street NE, Suite 460  
Washington, DC 20002

Sam.Sherwood@ngkf.com

T 202-774-9044

F 885-226-8532

### **Years of Experience**

14 Years

### **Areas of Specialization**

- Valuation and Advisory

First Vice President Samuel D. Sherwood, MAI has been providing valuation and consulting services since the early 2000s. He has prepared appraisals for a wide variety of property types including multifamily, office, mixed-use, retail, and industrial properties. He has extensive experience in the valuation of development rights/air rights within large-scale mixed-use projects, multi-phase land developments, and adaptive re-use of historic properties. Other specialized expertise includes the valuation of life science/ biotechnology research and manufacturing facilities, low income housing and historic tax credits, transferable development rights, subsurface and other partial takings, charter school facilities, and fractured condominiums. These appraisal and consulting services have been performed for a wide variety of client types including commercial and investment banks, law firms, life insurance companies, universities (public and private), and pension funds.

In addition to his private sector clients, Mr. Sherwood has worked extensively on behalf of various governmental and quasi-governmental agencies including the U.S. General Services Administration, the U.S. Army Corps of Engineers, multiple entities of the District of Columbia government, DC Water, and the Washington Metropolitan Area Transit Authority.

Mr. Sherwood joined Newmark Knight Frank in 2017, when the firm acquired several affiliates of Integra Realty Resources. At the time of the acquisition, he had been working at IRR's Washington, DC office for 10 years, most recently as Director. Prior to his work in the Washington market, he worked an analyst for IRR's New Jersey office, and as a software developer for IRR's corporate office in New York.

Mr. Sherwood is an MAI designated member of the Appraisal Institute and a certified real estate appraiser in the District of Columbia, Commonwealth of Virginia, and state Maryland and West Virginia.

Mr. Sherwood earned a Bachelor of Arts in Politics from Princeton University, where he also completed the certificate program in Political Economy. He also has successfully completed numerous real estate-related courses and seminars sponsored by the Appraisal Institute and accredited universities. Currently, Mr. Sherwood is certified by the Appraisal Institute's voluntary program of continuing education for its designated members.



**Congratulations!**

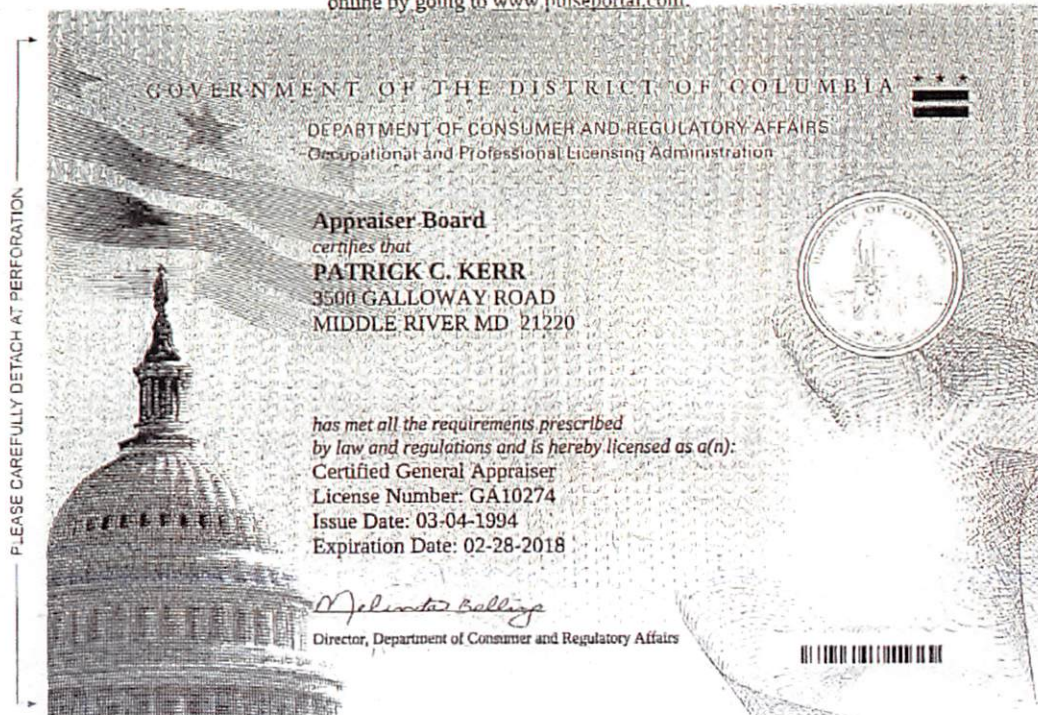
Here is your wall license and pocket identification card. If this is your initial license, your wall certificate will arrive under separate cover. If this is your renewal license, this is the only document you will receive. You must display the wall license below with your original wall certificate to show that your status is current.



In order to be sure that your renewal notice is sent to your correct address, please notify Pearson VUE on behalf of the Board of Appraisers if your address changes by going to [www.pulseportal.com](http://www.pulseportal.com) or if your name changes by writing to:

**Pearson VUE  
Dept. DC-AP  
Metro-Plex I  
8401 Corporate Drive, Suite 250  
Landover, MD 20785**

A fee of \$30.00, check or money order made payable to Pearson VUE, must be included with your request for a duplicate license showing your new name or address. You can also request duplicates online by going to [www.pulseportal.com](http://www.pulseportal.com).





GOVERNMENT OF THE DISTRICT OF COLUMBIA



DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS  
Occupational and Professional Licensing Administration

**Appraiser Board**

*certifies that*

**SAMUEL DAVID SHERWOOD**

840 FIRST ST NE  
SUITE 460  
WASHINGTON DC 20002



*has met all the requirements prescribed  
by law and regulations and is hereby licensed as a(n):*

**Certified General Appraiser**

License Number: GA12136

Issue Date: 09-17-2014

Expiration Date: 02-28-2018

*Melinda Bellis*

Director, Department of Consumer and Regulatory Affairs



## **Addendum B**

### **Financials and Property Information**





**Property Detail**

**Address:** 1900 GALLAUDET ST NE

**SSL:** PAR 01420022

Record Details

<b>Neighborhood:</b>	BRENTWOOD	<b>Sub-Neighborhood:</b>	C
<b>Use Code:</b>	83 - Educational	<b>Class 3 Exception:</b>	No
<b>Tax Type:</b>	DC - District of Columbia	<b>Tax Class:</b>	002 - Commercial
<b>Homestead Status:</b>	** Not receiving the Homestead Deduction		
<b>Assessor:</b>	ROBERT GONZALES		
<b>Gross Building Area:</b>		<b>Ward:</b>	5
<b>Land Area:</b>	108,029	<b>Triennial Group:</b>	1

Owner and Sales Information

**Owner Name:** DISTRICT OF COLUMBIA SUITE 307  
**Mailing Address:** 1350 PENNSYLVANIA AVE NW; WASHINGTON DC20004-3003  
**Sale Price:** Not Available  
**Recordation Date:** Not Available  
**Instrument No.:**  
**Sales Code:**  
**Sales Type:**

Tax Year 2018 Preliminary Assessment Roll

	Current Value (2017)	Proposed New Value (2018)
<b>Land:</b>	\$5,401,450	\$5,401,450
<b>Improvements:</b>	\$1,315,980	\$1,369,260
<b>Total Value:</b>	\$6,717,430	\$6,770,710
<b>Taxable Assessment: *</b>	\$6,717,430	\$6,770,710

\* Taxable Assessment after Tax Assessment Credit and after \$72,450 Homestead Credit, if applicable. (Click here for more information).

\*\* If you believe you should be receiving tax relief through the Homestead deduction program and if you are domiciled in the District and this property is your principal place of residence, you can access the link below, complete the form, and return it per the instructions. For additional information regarding the Homestead program, call (202)727-4TAX. [Click here to download the Homestead Deduction and Senior Citizen Tax Relief application](#) \*

[View Tax Information](#) | [View Payments](#)



**Addendum C**  
**Comparable Data**



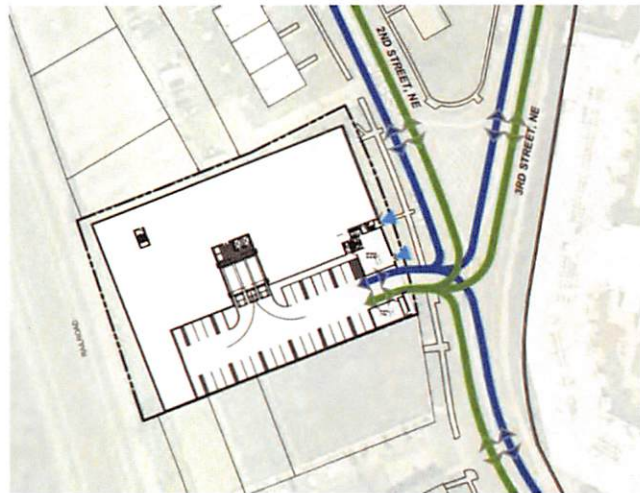


## Land Sales



## Location & Property Identification

Property Name:	2nd Street NE Self Storage
Sub-Property Type:	Commercial
Address:	5600 2nd St.NE.
City/State/Zip:	Washington, DC 2011
Market Orientation:	Urban
IRR Event ID:	1608586



## Sale Information

Sale Price:	\$8,250,000
Effective Sale Price:	\$8,250,000
Sale Date:	03/13/2017
Sale Status:	Closed
\$/Acre(Gross):	\$6,368,689
\$/Land SF(Gross):	\$146.21
\$/Acre(Usable):	\$6,445,313
\$/Land SF(Usable):	\$147.96
\$/Building SF:	\$41.77
Grantor/Seller:	Riggs Road Center LLC & Avissar Riggs Road LLC
Grantee/Buyer:	JSF 2nd Street NE CMPI, Inc.
Property Rights:	Fee Simple
Financing:	Cash to seller - buyer obtained financing
Document Type:	Deed
Recording No.:	2017028284
Verification Type:	Secondary Verification

## Sale Analysis

Current Use at T.O.S.:	Industrial
Proposed Use Change:	Yes
Proposed Use Desc.:	Self Storage
Entitlement @ T.O.S.:	Yes

## Occupancy

Occupancy Type Before Sale:	Single Tenant
Occupancy Type After Sale:	Single Tenant
Occupancy at Time of Sale:	0.00%

## Improvement and Site Data

Legal/Tax/Parcel ID:	Square 3710, Lots 0851 and 0197
Acres(Usable/Gross):	1.28/1.30
Land-SF(Usable/Gross):	55,757/56,427
Usable/Gross Ratio:	0.99
Potential Building SF:	197,494
Zoning Code:	PDR-1
Source of Land Info.:	Public Records

## Comments

This represents the sale of about 1.30 acres of land for the purposes of redevelopment to a 164,160 SF self storage facility with 26 parking spaces. The site is zoned PDR-1 which allows for an FAR of 3.5 and the development is planned to reach a FAR of 3.44. After delivery of the new facility in Q3 2018, CubeSmart will manage the four story building.

This is the 56,247 square foot site that is planned to be developed with a 164,160 square foot self-storage facility. Construction is expected to begin in October 2017 with delivery planned for Q3 2018. The site was previously developed with a 24,171 square foot office building and a 19,235 square foot industrial building. The site is positioned at the convergence of 2nd St NE and 3rd




## Comments (Cont'd)

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St NE, which is adjacent to the Fort Totten Square development, a 430,000 square foot mixed-use project featuring a Walmart.



## Location & Property Identification

Property Name:	2800 8th Street NE
Sub-Property Type:	Commercial, Other
Address:	2800 8th St. NE.
City/State/Zip:	Washington, DC 20001
County:	District of Columbia
 :	Downtown/Logan Circle
Market Orientation:	Urban
IRR Event ID:	1069399



## Sale Information

Sale Price:	\$1,700,000
Effective Sale Price:	\$1,700,000
Sale Date:	10/03/2014
Contract Date:	06/01/2013
Sale Status:	Closed
\$/SF GBA:	\$532.92
\$/SF NRA:	\$532.92
\$/Acre(Gross):	\$2,615,385
\$/Land SF(Gross):	\$60.04
\$/Acre(Usable):	\$2,615,385
\$/Land SF(Usable):	\$60.04
\$/Land SF(Potential):	\$532.92
Grantor/Seller:	2800 8th street, LLC
Grantee/Buyer:	2800 8th Street Partners, LLC
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed
Verified By:	Mr. Michael Garland
Verification Type:	Confirmed-Buyer

## Occupancy

Occupancy at Time of Sale:	0.00%
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## Improvement and Site Data

MSA:	Washington-Arlington-Alexandria, DC-VA-MD-WV
GBA-SF:	3,190
NRA-SF:	3,190
Acres(Usable/Gross):	0.65/0.65
Land-SF(Usable/Gross):	28,314/28,314
Usable/Gross Ratio:	1.00
Year Built:	1965
Property Class:	C
Bldg. to Land Ratio FAR:	0.11
Zoning Code:	C-M-2
Source of Land Info.:	Other

## Comments

This sale reflects the value of the underlying land. The buyer received a letter of no further action from the DDOE which removed the uncertainty on the property. The buyer intends to develop the site with a 899 unit climate controlled self storage facility. The improvements will have five stories, 112,00 gross square feet, and 70,450 square feet of net rentable area. The improvements are slated to begin in February 2015 and would be completed by December 2015.

The existing improved are planned to be razed. The recent buyer has received a "No further action letter" for the DDOE and plans to construct an 899 unit self storage facility on the site.



## Location & Property Identification

Property Name:	Pappas Property
Sub-Property Type:	Warehouse
Address:	1401 Okie St. NW.
City/State/Zip:	Washington, DC 20002
County:	District of Columbia
Submarket:	Anacostia NE DC
Market Orientation:	Urban
Property Location:	SEC Okie & Fenwick St NE
IRR Event ID:	1081395



## Sale Information

Sale Price:	\$8,400,000
Effective Sale Price:	\$8,400,000
Sale Date:	08/29/2014
Contract Date:	01/30/2014
Listing Price:	\$10,000,000
Sale Status:	Closed
\$/SF GBA:	\$88.46
\$/SF NRA:	\$88.46
Grantor/Seller:	Pete Pappas & Sons Inc.
Grantee/Buyer:	Jemal's Pappas Tomatos LLC
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	2014-080580
Verified By:	Samuel D. Sherwood, MAI
Verification Date:	12/12/2014
Verification Type:	Confirmed-Buyer

## Sale Analysis

Current Use at T.O.S.:	Warehouse (owner occupied)
Proposed Use Change:	Yes
Proposed Use Desc.:	Redevelopment (office/retail)
Entitlement @ T.O.S.:	No

## Improvement and Site Data

MSA:	Washington-Arlington-Alexandria, DC-VA-MD-WV
Legal/Tax/Parcel ID:	Square 4093, Lot 832
GBA-SF:	94,961
NRA-SF:	94,961
Acres(Usable/Gross):	1.81/1.81
Land-SF(Usable/Gross):	78,950/78,950
Usable/Gross Ratio:	1.00
Potential Building SF:	236,850
Year Built:	1937
Most Recent Renovation:	1979
Property Class:	C
M&S Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Brick
No. of Buildings/Stories:	1/1
Ceiling Height Minimum:	14.00
Ceiling Height Maximum:	25.00
No. of Truck Doors:	2
Overhead/Grade/Bay:	4
Clear Height(Feet):	14.00
Total Parking Spaces:	15
Park. Ratio 1000 SF GLA:	0.16
No. Surface Spaces:	15
Park. Ratio 1000 SF GBA:	0.16
Shape:	Rectangular

## Improvement and Site Data (Cont'd)

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Topography:	Level
Corner Lot:	Yes
Frontage Type:	2 way, 1 lane each way
Traffic Control at Entry:	Stop sign
Traffic Flow:	Low
AccessibilityRating:	Average
Visibility Rating:	Below average
Bldg. to Land Ratio FAR:	1.20
Zoning Code:	C-M-1
Zoning Desc.:	C-M-1 Low Bulk Commercial
Flood Plain:	No
Utilities:	, Rail
Utilities Desc.:	Rail easement for access to main freight line
Source of Land Info.:	Owner

## Comments

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This warehouse property, located off of New York Avenue in Ivy City behind the Hecht warehouse, had served as the main facility for a local produce distributor since the late 1970s. They had outgrown the space, and had listed it for sale off and on since about 2009. The most recent offering attracted some interest from both owner-users interested in continuing the current use, but Douglas Development, who are in the midst of a major mixed-use redevelopment effort involving several nearby properties, offered the highest price. Douglas plans to redevelop the site, with the precise use mix undetermined. This may involve retaining/reusing some of the existing building shell, but the buyer assigned no value to the existing improvements. Existing C-M-1 zoning allows for an FAR of 3.0 but prohibits residential use, which is consistent with the site's comprehensive plan designation.

This warehouse, built in 1937, was owner occupied by Pete Pappas and Sons, a local produce distributor, from 1979 to 2014. It is located immediately behind Douglas Development's Hecht Warehouse project. The building has 58,553 square feet of main level space, including some refrigerated space, 33,948 square feet on the lower level, and 2,460 square feet of second story space. The property benefits from a rail easement, but it has not been in use for a number of years.



## Location & Property Identification

Property Name:	New York Avenue Self Storage Site
Sub-Property Type:	Commercial
Address:	1850 New York Ave. NE.
City/State/Zip:	Washington, DC 20002
County:	District of Columbia
Submarket:	Anacostia NE DC
Market Orientation:	Urban
IRR Event ID:	1068244



## Sale Information

Sale Price:	\$6,875,000
Effective Sale Price:	\$6,875,000
Sale Date:	06/20/2014
Listing Price:	\$10,297,950
Sale Status:	Closed
\$/Acre(Gross):	\$4,351,266
\$/Land SF(Gross):	\$99.89
\$/Acre(Usable):	\$4,351,266
\$/Land SF(Usable):	\$99.89
Grantor/Seller:	Sang Kwon & Young Hi Choi
Grantee/Buyer:	1850 NY Ave Self Storage Partners, LLC
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	2014055714
Verified By:	Mr. Michael Garland
Verification Type:	Confirmed-Seller Broker

Acres(Usable/Gross):	1.58/1.58
Land-SF(Usable/Gross):	68,824/68,824
Usable/Gross Ratio:	1.00
Property Class:	B
Zoning Code:	C-M-1
Flood Plain:	No
Utilities:	Electricity, Water Public, Sewer, Telephone
Source of Land Info.:	Other

## Comments

This is the sale of a vacant lot totaling 1.58 acres along the north side of New York Avenue, NE. The buyer intend to develop the site with a multi-story self storage facility. The final plans have not been completed, but the property could be developed with approximately 200,000 gross square feet of building area.

This is a cleared and paved 1.29 acre site located on New York Avenue NE, between Bladensburg Road and the Montana Avenue traffic circle.

## Occupancy

Occupancy at Time of Sale:	0.00%
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## Improvement and Site Data

MSA:	Washington, DC MSA
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## Location & Property Identification

Property Name: 2001-2115 New York Avenue NE  
 Sub-Property Type: Commercial  
 Address: 2001-2115 New York Ave. NE.  
 City/State/Zip: Washington, DC 20002  
 County: District of Columbia  
 Submarket: Anacostia NE DC  
 Market Orientation: Urban  
 Property Location: S/S New York Ave NE between Bladensburg & Montana  
 IRR Event ID: 1082307



## Sale Information

Sale Price: \$8,250,000  
 Effective Sale Price: \$8,250,000  
 Sale Date: 12/02/2014  
 Contract Date: 01/24/2014  
 Sale Status: Closed  
 \$/Acre(Gross): \$6,417,237  
 \$/Land SF(Gross): \$147.32  
 \$/Acre(Usable): \$6,417,237  
 \$/Land SF(Usable): \$147.32  
 \$/Building SF: \$35.08  
 Grantor/Seller: DLY - New York Avenue LLC  
 Grantee/Buyer: Jemal's Bumper George LLC  
 Assets Sold: Real estate only  
 Property Rights: Fee Simple  
 % of Interest Conveyed: 100.00  
 Financing: Cash to seller  
 Document Type: Deed  
 Recording No.: 2014-111487  
 Verified By: Samuel D. Sherwood, MAI  
 Verification Date: 12/11/2014  
 Confirmation Source: Douglas Development  
 Verification Type: Confirmed-Buyer

## Occupancy

Occupancy at Time of Sale: 0.00%

## Improvement and Site Data

MSA: Washington-Arlington-Alexandria, DC-VA-MD-WV  
 Legal/Tax/Parcel ID: PAR 153 Lot 153 and Square 4268, Lots 801 & 804  
 Acres(Usable/Gross): 1.29/1.29  
 Land-SF(Usable/Gross): 56,000/56,000  
 Usable/Gross Ratio: 1.00  
 Potential Building SF: 235,200  
 Shape: Irregular  
 Topography: Level  
 Corner Lot: No  
 Frontage Feet: 244  
 Frontage Type: 2 way, 3 lanes each way  
 Traffic Control at Entry: None  
 Traffic Flow: High  
 Traffic Count: 68700  
 AccessibilityRating: Average  
 Visibility Rating: Good  
 Zoning Code: C-M-1 Pending C-2-B





## Improvement and Site Data (Cont'd)

Zoning Desc.:	C-M-1 Commercial; Rezoning to C-2-B Mixed Pending
Flood Plain:	No
Flood Zone Designation:	X
Comm. Panel No.:	110010036C
Date:	09/27/2010
Utilities:	, Rail
Utilities Desc.:	Easement for rail access
Source of Land Info.:	Public Records

## Comments

Douglas Development signed a contract to purchased this New York Avenue NE site in January 2014, and ultimately settled the sale in December 2014. The buyer paid cash and planned to take out financing after the sale closed. At the time of settlement, Douglas had most of the remainder of this large block (bounded by New York, Montana, and Bladensburg) totalling 14.53 acres of additional land area under contract at pricing ranging from \$107 to \$120 per square foot of land area. The site was zoned C-M-1 at the time of sale, but a re-zoning to C-2-B was pending per the Office of Zoning. These sites had previously been planned for various large scale mixed-use developments including a 3.5 million square foot (5.0 FAR) mixed-use PUD planned by Jim Abdo and a Walmart-anchored town center by developer Rick Walker, but these plans never came to fruition due to various external factors. Douglas plans to demolish the remaining improvements and develop a large-scale town center on the assembled site once their ongoing Hecht Warehouse District redevelopment (located a half-mile to the west) is further along.

These three lots are currently improved with three older single-story industrial/commercial buildings that are slated for demolition. The properties are currently zoned C-M-1 (Commercial-Light Manufacturing, new residential prohibited) but a re-zoning to C-2-B (which would permit mixed-use development including residential up to a 4.2 FAR with IZ bonus density) is currently pending and would be consistent with the District's Comprehensive Plan. The sites front on New York Avenue/Route 50, the primary route in and out of downtown DC from the Maryland suburbs to the north and east.



## Rent Surveys



## Location & Property Identification

Property Name: Hecht Warehouse District, Tower I and II

Sub-Property Type: Mixed Use, Multifamily-Retail

Address: 1401 New York Ave. NE.

City/State/Zip: Washington, DC 20002

Submarket: Anacostia NE DC

Market Orientation: Urban

Property Location: SE Corner of New York Avenue and Fenwick Street, NE

IRR Event ID: 1502219



## Property Data

Survey Date: 06/06/2017

No. of Buildings/Stories: 2/6

No. of Units/Unit Type: 300/Apt. Units

Multi-Tenant/Condo.: Yes/No

Elevators: Yes

Property Class: A

Vacancy @ Survey: 13.40%

Yr. Built/Yr. Renov.: 1937/2015

Land Size (Ac.): 5.64

## Project & Unit Amenities

Tenant Pays: Trash, In-Unit Electric, Sewer, Water

## Unit Mix

Unit Information	Rms/BR/Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
Studio	/0/1.0	93	INA	492	\$1623	\$3.30	
1 Bedroom/1 Bath	/1/1.0	102	INA	666	\$2003	\$3.01	
2 Bedroom/2 Bath	/2/2.0	121	INA	972	\$2600	\$2.67	
3 Bedroom/3 Bath	/3/3.0	19	INA	1,852	\$4575	\$2.47	

## Comments



## Comments (Cont'd)

All utilities paid by tenant, including a \$10 monthly trash fee. Parking is \$125 per uncovered space and \$150 per covered space. No concessions being offered.

This property was built between 1937 and 1948, and was originally used as a warehouse/office building for the Hecht Company. In 2011, the property was acquired by Douglas Development Corporation who, in 2013, began converting the property to a mixed use project known as the Hecht Warehouse District. This project includes 463,648 square feet of rentable area, which includes 250,00 square feet of retail/restaurant space, 300 apartment units, and a 900+ space parking garage.



## Location & Property Identification

Property Name: Monroe Street Market - Apartments

Sub-Property Type: Conventional, Mid/High-Rise

Address: 625 Monroe St. NE.

City/State/Zip: Washington, DC 20017

County: District of Columbia

Submarket: Brookland

Market Orientation: Urban

IRR Event ID: 1502224



## Property Data

Survey Date: 06/06/2017

No. of Buildings/Stories: 4/6

No. of Units/Unit Type: 562/Apt. Units

Multi-Tenant/Condo.: Yes/No

Elevators: Yes

Property Class: A

Vacancy @ Survey: 7.50%

Yr. Built/Yr. Renov.: 2014/

Land Size (Ac.): 5.79

## Project & Unit Amenities

Project Amenities: Clubhouse/Rec. Bldg., Fitness Room, Garage/Under Building, Security, Storage, Swimming Pool, Business Center, Conference Room, Concierge

Unit Amenities: Air Conditioning, Carpets/Drapes/Blinds, Central AC, Dishwasher, Disposal, Hardwood Floors, Patios/Balcony, Range-Refrig., Walk-in Closets, Washer/Dryer In Unit, Stainless Steel Appliances, Granite/Stone Countertops

Tenant Pays: Trash, In-Unit Electric, Sewer, Water

## Unit Mix

Unit Information	Rms/BR/Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
Studio	/0/1.0	69	INA	505	\$1815	\$3.59	
1 Bedroom/1 Bath	/1/1.0		INA	703	\$1857	\$2.64	



## Unit Mix (Cont'd)

Unit Information	Rms/BR/Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
1 Bedroom + Den/1 Bath	/1/1.0		INA	945	\$2454	\$2.60	
2 Bedroom/2 Bath	/2/2.0	131	INA	1,053	\$3051	\$2.90	

## Comments

All utilities paid by tenants. Parking is \$165 per reserved space and \$145 per unreserved space.

This project includes a total of 562 apartment units, 47,626-SF of retail space, and 16,351-SF of art studio/public-use space. This record is for ONLY the apartments at this project. The property is subdivided into four properties: Cornerstone, Portland Flats, Brookland Works, and the Edgewood Arts Center.

Cornerstone is a five-story, Class A, primarily-residential mixed-use project, which includes 310 apartment units and 26,282-SF of retail space.

Portland Flats is a six-story, Class A, primarily-residential mixed-use project, which includes 100 apartment units and 14,537-SF of retail space.

Brookland Works is a five-story, Class A, primarily-residential mixed-use project, which includes 152 apartment units and 6,807-SF of retail space. In addition to apartments and retail space, Brookland Works also includes Atlas Walk at Monroe Street Market, a 12,670-SF collection of individual art studios that are licensed to local artists.

The Edgewood Arts Center is a public-use, 3,681-SF, two-level (with basement) community building, which is not leased to tenants but rather rented out to members of the community throughout the year.



## Location & Property Identification

Property Name: Aventine Fort Totten- fka Fort Totten Station

Sub-Property Type: Conventional, Mid/High-Rise

Address: 5210 3rd St. NE.

City/State/Zip: Washington, DC 20011

Submarket: Mount Pleasant

Market Orientation: Urban

IRR Event ID: 1502221



## Property Data

Survey Date: 06/06/2017

No. of Buildings/Stories: 1/5

No. of Units/Unit Type: 309/Apt. Units

Property Class: A-

Vacancy @ Survey: 6.20%

Yr. Built/Yr. Renov.: 2008/

Land Size (Ac.): 3.56

## Project & Unit Amenities

Project Amenities: Clubhouse/Rec. Bldg., Fitness Room, Swimming Pool, Off Street Parking, Business Center

Unit Amenities: Washer/Dryer In Unit, Walk-in Closets, Range-Refrig., Dishwasher, Central AC, Patios/Balcony, Microwave

Tenant Pays: Trash, In-Unit Electric, Sewer, Water

## Unit Mix

Unit Information	Rms/BR/Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
Studio	/1/1.0		INA	562	\$1411	\$2.51	
1 Bedroom/1 Bath	/1/1.0		INA	727	\$2334	\$3.21	
2 Bedrooms/2 Baths	/2/2.0		INA	1,028	\$2821	\$2.74	

## Comments

All utilities paid by the tenants. Parking is \$100 for a reserved space and free for unreserved spaces. No concessions are currently being offered.

Property was renamed to Aventine Fort Totten



## Location & Property Identification

Property Name: The Gale  
 Sub-Property Type: Conventional, Mid/High-Rise  
 Address: 151 Q St. NE.  
 City/State/Zip: Washington, DC 20002  
 County: District of Columbia  
 Submarket: Anacostia NE DC  
 Market Orientation: Urban  
 IRR Event ID: 1502213



## Property Data

Survey Date: 06/06/2017  
 No. of Buildings/Stories: 1/5  
 No. of Units/Unit Type: 603/Apt. Units  
 Property Class: A  
 Vacancy @ Survey: 8.00%  
 Yr. Built/Yr. Renov.: 2013/  
 Land Size (Ac.): 4.32

## Project & Unit Amenities

Project Amenities: Clubhouse/Rec. Bldg., Fitness Room, Garage/Under Building, Swimming Pool  
 Unit Amenities: Air Conditioning, Carpets/Drapes/Blinds, Dishwasher, Walk-in Closets, Washer/Dryer In Unit  
 Tenant Pays: Trash, In-Unit Electric, Sewer, Water

## Unit Mix

Unit Information	Rms/BR/Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
Studio	/0/1.0	41	INA	521	\$1785	\$3.43	
1 Bedroom/1 Bath	/1/1.0	391	INA	670	\$1953	\$2.91	
2 Bedroom/2 Baths	/2/2.0	171	INA	1,047	\$2675	\$2.55	

## Comments

All utilities are paid by the tenant. Monthly trash fee of \$25. Parking is \$175 per space, all spaces are unreserved.



## Location & Property Identification

Property Name: Elevation at Washington Gateway

Sub-Property Type: Conventional, Mid/High-Rise

Address: 100 Florida Ave. NE.

City/State/Zip: Washington, DC 20002

County: District of Columbia

Submarket: Anacostia NE DC

Market Orientation: Urban

IRR Event ID: 1500480



## Property Data

Survey Date: 06/01/2017

No. of Buildings/Stories: 1/14

No. of Units/Unit Type: 400/Apt. Units

Multi-Tenant/Condo.: Yes/No

Property Class: A

Vacancy @ Survey: 4.50%

Yr. Built/Yr. Renov.: 2014/

Land Size (Ac.): 2.27

## Project & Unit Amenities

Project Amenities: Clubhouse/Rec. Bldg., Fitness Room, Garage/Under Building, Rooftop Terrace, Swimming Pool, Dog Park, 24-hour concierge

Unit Amenities: Carpets/Drapes/Blinds, Central AC, Dishwasher, Disposal, Hardwood Floors, Patios/Balcony, Range-Refrig., Walk-in Closets, Washer/Dryer In Unit, Vaulted Ceilings, Stainless Steel Appliances

Tenant Pays: In-Unit Electric, Sewer, Water

## Unit Mix

Unit Information	Rms/BR/Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
Studio	/0/1.0	33	INA	512	\$1771	\$3.46	
1 Bedroom/1 Bath	/1/1.0		INA	643	\$2093	\$3.26	
1 Bedroom+DEN, 1 Bathroom	5/1/1.0		INA	898	\$2572	\$2.86	
2 Bedroom/2 Bath	/2/2.0	58	INA	1,089	\$3260	\$2.99	



## Comments

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Luxury high-rise Class A apartments featuring modern kitchen with quartz countertops, energy efficient stainless steel appliances, wood floors throughout, 9-foot ceilings, and full-size washer and dryer in each unit. Below-grade reserved parking is \$250/space/month. Below-grade unreserved parking is \$175/space/month. Trash service is \$10/unit/month. This project is located south of Eckington, at the intersection of New York and Florida Avenue, and a block north of the NoMa-Gallaudet Metro Station.



## Lease Comparables – Retail



## Location & Property Identification

Property Name:	Hecht Warehouse District, Tower I and II
Sub-Property Type:	Mixed Use, Multifamily-Retail
Address:	1401 New York Ave.NE.
City/State/Zip:	Washington, DC 20002
Submarket:	Anacostia NE DC
Market Orientation:	Urban
Property Location:	SE Corner of New York Avenue and Fenwick Street, NE
IRR Event ID:	1607389



## Space Information

Space Type:	Retail
Leased Area:	18,000

## Lease Information

Lease Status:	Signed Lease
Lessee:	Kick Axe
Start/Available Date:	08/01/2017
Expiration Date:	08/01/2027
Term of Lease:	120 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$20.00
Effective Rental Rate:	\$20.00
Escalation Type:	Fixed Percentage
Escalation Desc.:	12.5% increase in year 5
TI Allowance (\$/SF):	\$30.00
TI Type:	New Tenant
Transaction Reliability:	Confirmed

## Lease Expense Information

Reimbursement Method:	Triple Net
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## Improvement and Site Data

MSA:	Washington-Arlington-Alexand ria, DC-VA-MD-WV
Legal/Tax/Parcel ID:	4037-0009 and 4037-0008
GBA-SF:	463,648
NRA-SF:	463,648
Acres(Gross):	5.63
Land-SF(Gross):	245,375
Year Built:	1937-1948
Most Recent Renovation:	2015
Property Class:	A
M&S Class:	B
Construction Quality:	Average
Improvements Cond.:	Good
Exterior Walls:	Brick
No. of Buildings/Stories:	2/6
No. of Units / Unit Type:	300/Apt. Units
Multi-Tenant/Condo.:	Yes/No
Total Parking Spaces:	1150
Park. Ratio 1000 SF GLA:	2.48
Park. Structure Space:	1150
Park. Ratio 1000 SF GBA:	2.48
Parking Ratio(/Unit):	3.83
Elevators Count:	Yes
Fire Sprinkler Type:	Wet
Air-Conditioning Type:	Roof Central Mounted
Shape:	Rectangular
Topography:	Level



## Improvement and Site Data (Cont'd)

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Vegetation:	Minimal
Corner Lot:	Yes
Frontage Desc.:	New York Avenue and Fenwick Street, NE
Frontage Type:	2 way, 3 lanes each way
Traffic Control at Entry:	Traffic light
Traffic Flow:	High
Traffic Count:	58712
Accessibility Rating:	Average
Visibility Rating:	Above average
Density-Unit/Gross Acre:	53.26
Bldg. to Land Ratio FAR:	1.89
Zoning Code:	PUD Zoning: C-3-C
Zoning Desc.:	Major Business and Employment Centers
Utilities:	Electricity, Water Public, Sewer, Gas, Telephone, CableTV
Bldg. Phy. Info. Source:	Other
Source of Land Info.:	Public Records

## Comments

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This property was built between 1937 and 1948, and was originally used as a warehouse/office building for the Hecht Company. In 2011, the property was acquired by Douglas Development Corporation who, in 2013, began converting the property to a mixed use project known as the Hecht Warehouse District. This project includes 463,648 square feet of rentable area, which includes 250,00 square feet of retail/restaurant space, 300 apartment units, and a 900+ space parking garage.

"Kick"Axe" occupies 6,000 square feet on the ground floor and 12,000 square feet on the lower level, 18,000 square feet in total. The lease includes a tenant improvement allowance of \$30 per square foot and a 12.5% escalation in year 5. The term consists of ten years.



## Location & Property Identification

Property Name: 3321-3329 8th St. NE  
 Sub-Property Type: Flex Space  
 Address: 3321-3329 8th St. NE.  
 City/State/Zip: Washington, DC 20017

Submarket: Brookland  
 Market Orientation: Urban

IRR Event ID: 1243708



## Space Information

Space Type: Retail  
 Full Building Lease: No  
 Leased Area: 7,400

## Lease Information

Lessee: Annie's Ace Hardware  
 Start/Available Date: 07/01/2015  
 Term of Lease: 120 months  
 Lease Measure: \$/SF/Yr  
 Face Rental Rate: \$28.00  
 Effective Rental Rate: \$28.00  
 Escalation Type: Fixed Percentage  
 Transaction Reliability: Confirmed

## Lease Expense Information

Reimbursement Method: Triple Net

## Improvement and Site Data

MSA: Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area

Legal/Tax/Parcel ID: 3831 0033 & 0034  
 NRA-SF: 19,260  
 Acres(Gross): 0.33  
 Land-SF(Gross): 14,313

Year Built: 1954  
 Property Class: C  
 M&S Class: C  
 Construction Quality: Average  
 Improvements Cond.: Average  
 Exterior Walls: Brick  
 No. of Buildings/Stories: 1/2  
 Multi-Tenant/Condo.: Yes/No  
 No. of Truck Doors: 3.00  
 Overhead/Grade/Bay: 2.00  
 Percent Office: 25.00  
 Clear Height(Feet): 12.00  
 Column Spacing(Feet): 16.00  
 Total Parking Spaces: 11  
 Park. Ratio 1000 SF GLA: 0.57  
 No. Surface Spaces: 11  
 Elevators Count: None  
 Fire Sprinkler Type: None  
 Shape: Irregular  
 Topography: Level  
 Corner Lot: No  
 Zoning Code: C-M-1  
 Zoning Desc.: Commercial-Light Manufacturing

Flood Plain: No  
 Flood Zone: Outside of 500-year floodplain

Flood Zone Designation: X  
 Comm. Panel No.: 1100010036C  
 Date: 09/27/2010  
 Source of Land Info.: Other



## Comments

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This is a new 10-year lease with Ace Hardware store, which includes the base rent of \$28 per square foot, triple net, 3% annual escalations, and \$35 per square foot in tenant improvements.



## Location & Property Identification

Property Name:	Hecht Warehouse District, Tower I and II
Sub-Property Type:	Mixed Use, Multifamily-Retail
Address:	1401 New York Ave.NE.
City/State/Zip:	Washington, DC 20002
Submarket:	Anacostia NE DC
Market Orientation:	Urban
Property Location:	SE Corner of New York Avenue and Fenwick Street, NE
IRR Event ID:	1607383



## Space Information

Space Type:	Retail
Leased Area:	20,000

## Lease Information

Lease Status:	Signed Lease
Lessee:	Planet Fitness
Start/Available Date:	05/01/2015
Expiration Date:	05/01/2025
Term of Lease:	120 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$22.00
Effective Rental Rate:	\$22.00
Escalation Type:	Fixed Percentage
Escalation Desc.:	12.5% increase in year 5
TI Allowance (\$/SF):	\$50.00
TI Type:	New Tenant
Transaction Reliability:	Confirmed

## Lease Expense Information

Reimbursement Method:	Triple Net
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## Improvement and Site Data

MSA:	Washington-Arlington-Alexand ria, DC-VA-MD-WV
Legal/Tax/Parcel ID:	4037-0009 and 4037-0008
GBA-SF:	463,648
NRA-SF:	463,648
Acres(Gross):	5.63
Land-SF(Gross):	245,375
Year Built:	1937-1948
Most Recent Renovation:	2015
Property Class:	A
M&S Class:	B
Construction Quality:	Average
Improvements Cond.:	Good
Exterior Walls:	Brick
No. of Buildings/Stories:	2/6
No. of Units / Unit Type:	300/Apt. Units
Multi-Tenant/Condo.:	Yes/No
Total Parking Spaces:	1150
Park. Ratio 1000 SF GLA:	2.48
Park. Structure Space:	1150
Park. Ratio 1000 SF GBA:	2.48
Parking Ratio(/Unit):	3.83
Elevators Count:	Yes
Fire Sprinkler Type:	Wet
Air-Conditioning Type:	Roof Central Mounted
Shape:	Rectangular
Topography:	Level





## Improvement and Site Data (Cont'd)

Vegetation:	Minimal
Corner Lot:	Yes
Frontage Desc.:	New York Avenue and Fenwick Street, NE
Frontage Type:	2 way, 3 lanes each way
Traffic Control at Entry:	Traffic light
Traffic Flow:	High
Traffic Count:	58712
Accessibility Rating:	Average
Visibility Rating:	Above average
Density-Unit/Gross Acre:	53.26
Bldg. to Land Ratio FAR:	1.89
Zoning Code:	PUD Zoning: C-3-C
Zoning Desc.:	Major Business and Employment Centers
Utilities:	Electricity, Water Public, Sewer, Gas, Telephone, CableTV
Bldg. Phy. Info. Source:	Other
Source of Land Info.:	Public Records

## Comments

This property was built between 1937 and 1948, and was originally used as a warehouse/office building for the Hecht Company. In 2011, the property was acquired by Douglas Development Corporation who, in 2013, began converting the property to a mixed use project known as the Hecht Warehouse District. This project includes 463,648 square feet of rentable area, which includes 250,00 square feet of retail/restaurant space, 300 apartment units, and a 900+ space parking garage.

This lease includes a 12.5% increase escalation in year 5. The term is 10 years with a tenant improvement allowance of \$50 per square foot. The tenant "Planet Fitness" occupies 20,000 square feet on the second floor and pays a rent of \$22 per square foot triple net.



## Location & Property Identification

Property Name:	Hecht Warehouse District, Tower I and II
Sub-Property Type:	Mixed Use, Multifamily-Retail
Address:	1401 New York Ave.NE.
City/State/Zip:	Washington, DC 20002
Submarket:	Anacostia NE DC
Market Orientation:	Urban
Property Location:	SE Corner of New York Avenue and Fenwick Street, NE
IRR Event ID:	1126517



## Space Information

Space Type:	Street Retail
Full Building Lease:	No
Leased Area:	15,506
Floors Description:	Street level, single story

## Lease Information

Lessor:	Douglas Development Corp.
Lessee:	Nike
Lessee Type:	Regional
Start/Available Date:	04/01/2015
Expiration Date:	03/31/2025
Term of Lease:	120 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$28.00
Effective Rental Rate:	\$28.00
Escalation Type:	Fixed Steps
Percentage Rent:	Yes
Percentage Rent Desc.:	3.00%
TI Allowance (\$/SF):	\$75.00
Renewal Options:	Yes
Desc. of Options:	Two 5-year renewal options
Verification Source:	Douglas Development Corp.
Transaction Reliability:	Confirmed

## Lease Expense Information

Reimbursement Method:	Triple Net
Tenant Pays:	RE Taxes, Property Insurance, Management Fees, Administration Fees, Tenant Utilities, CAM

## Improvement and Site Data

MSA:	Washington-Arlington-Alexand ria, DC-VA-MD-WV
Legal/Tax/Parcel ID:	4037-0009 and 4037-0008
GBA-SF:	463,648
NRA-SF:	463,648
Acres(Gross):	5.63
Land-SF(Gross):	245,375
Year Built:	1937-1948
Most Recent Renovation:	2015
Property Class:	A
M&S Class:	B
Construction Quality:	Average
Improvements Cond.:	Good
Exterior Walls:	Brick
No. of Buildings/Stories:	2/6
No. of Units / Unit Type:	300/Apt. Units
Multi-Tenant/Condo.:	Yes/No



## Improvement and Site Data (Cont'd)

Total Parking Spaces:	1150
Park. Ratio 1000 SF GLA:	2.48
Park. Structure Space:	1150
Park. Ratio 1000 SF GBA:	2.48
Parking Ratio(/Unit):	3.83
Elevators Count:	Yes
Fire Sprinkler Type:	Wet
Air-Conditioning Type:	Roof Central Mounted
Shape:	Rectangular
Topography:	Level
Vegetation:	Minimal
Corner Lot:	Yes
Frontage Desc.:	New York Avenue and Fenwick Street, NE
Frontage Type:	2 way, 3 lanes each way
Traffic Control at Entry:	Traffic light
Traffic Flow:	High
Traffic Count:	58712
Accessibility Rating:	Average
Visibility Rating:	Above average
Density-Unit/Gross Acre:	53.26
Bldg. to Land Ratio FAR:	1.89
Zoning Code:	PUD Zoning: C-3-C
Zoning Desc.:	Major Business and Employment Centers
Utilities:	Electricity, Water Public, Sewer, Gas, Telephone, CableTV
Bldg. Phy. Info. Source:	Other
Source of Land Info.:	Public Records

2: \$29.00/SF, Years 3-5: \$31.00/SF, and Years 6-10: \$35.65/SF. The lease also includes percentage rent over a natural break-point. This space is a single-story retail space, which is located at the corner of New York Avenue and Fenwick Street, NE. Visibility is above average.

## Comments

This property was built between 1937 and 1948, and was originally used as a warehouse/office building for the Hecht Company. In 2011, the property was acquired by Douglas Development Corporation who, in 2013, began converting the property to a mixed use project known as the Hecht Warehouse District. This project includes 463,648 square feet of rentable area, which includes 250,00 square feet of retail/restaurant space, 300 apartment units, and a 900+ space parking garage.

This lease includes \$75.00 per square foot in TI's over a cold dark shell. No free rent was given to the tenant. The tenant's rent escalates as follows: Year 1: \$28.00/SF, Year



## Location & Property Identification

Property Name:	Kendall Street Industrial Property
Sub-Property Type:	Warehouse
Address:	1900 Kendall St. NE.
City/State/Zip:	Washington, DC 20002
Submarket:	Anacostia NE DC
Market Orientation:	Urban
IRR Event ID:	1607393



## Space Information

Space Type:	Industrial
Full Building Lease:	Yes
Leased Area:	20,000

## Lease Information

Lease Status:	Asking Rent
Lessee:	Listing
Start/Available Date:	08/01/2018
Expiration Date:	08/01/2023
Term of Lease:	60 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$29.95
Effective Rental Rate:	\$29.95
Escalation Type:	Fixed Percentage
Transaction Reliability:	Confirmed

## Lease Expense Information

Reimbursement Method:	Triple Net
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## Improvement and Site Data

Legal/Tax/Parcel ID:	4041-0821
GBA-SF:	19,263
NRA-SF:	19,263
Acres(Gross):	0.93
Land-SF(Gross):	40,345

Year Built:	1950
Property Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Brick
No. of Buildings/Stories:	1/1
No. of Truck Doors:	1.00
Overhead/Grade/Bay:	3.00
Percent Office:	16.00
Clear Height(Feet):	16.00
Bldg. to Land Ratio FAR:	0.48
Zoning Code:	C-M-1
Zoning Desc.:	Low Bulk Commercial - Light Manufacturing
Source of Land Info.:	Public Records

## Comments

This lease includes 20,000 square feet and has a five year term. The property is currently going through renovations and will be available starting January 2018. The tenant pays \$29.95 per square foot triple net



**Lease Comparables – Industrial**



## Location & Property Identification

Property Name:	Industrial/Retail Property on NY Avenue
Sub-Property Type:	Flex Space
Address:	2101 New York Ave. NE.
City/State/Zip:	Washington, DC 20002
Submarket:	Anacostia NE DC
Market Orientation:	Urban
IRR Event ID:	1482142



## Space Information

Space Type:	Industrial
Full Building Lease:	No
Leased Area:	13,000

## Lease Information

Lessee:	Electric Supply
Start/Available Date:	07/01/2016
Term of Lease:	60 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$14.50
Effective Rental Rate:	\$14.50
Escalation Type:	Fixed Percentage
Transaction Reliability:	Confirmed

## Lease Expense Information

Reimbursement Method:	Triple Net
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## Improvement and Site Data

Legal/Tax/Parcel ID:	4268 0801
GBA-SF:	24,633
NRA-SF:	24,633
Acres(Gross):	0.52
Land-SF(Gross):	22,824
Year Built:	1956
Property Class:	C
M&S Class:	C

Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Brick
No. of Buildings/Stories:	1/1
Multi-Tenant/Condo.:	Yes/No
Elevators Count:	None
Bldg. to Land Ratio FAR:	1.08
Zoning Code:	MU-5B
Zoning Desc.:	Mixed-Use
Source of Land Info.:	Public Records

## Comments

This represents a new 5-year lease with a electric supply retailer. The deal includes base rent of \$14.50 per SF (NNN) with 3% annual escalations. No TIs or free rent were provided.



## Location & Property Identification

Property Name:	Government Mails
Sub-Property Type:	Warehouse, Office Warehouse
Address:	3300 V St. NE.
City/State/Zip:	Washington, DC 20018
County:	District of Columbia
Submarket:	Brookland
Market Orientation:	Urban
IRR Event ID:	1243307



## Space Information

Space Type:	Industrial
Full Building Lease:	No
Leased Area:	19,954

## Lease Information

Lessee:	Industrial Tenant
Start/Available Date:	08/01/2015
Term of Lease:	36 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$9.75
Effective Rental Rate:	\$9.75
Escalation Type:	Fixed Percentage
Transaction Reliability:	Confirmed

## Lease Expense Information

Reimbursement Method:	Triple Net
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## Improvement and Site Data

MSA:	Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area
Legal/Tax/Parcel ID:	4371 0001
GBA-SF:	53,000
NRA-SF:	53,000

Acres(Usable/Gross):	1.65/1.65
Land-SF(Usable/Gross):	71,874/71,874
Usable/Gross Ratio:	1.00
Year Built:	1959
Most Recent Renovation:	1998
Property Class:	B
M&S Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
No. of Buildings/Stories:	1/2
Multi-Tenant/Condo.:	No/No
No. of Truck Doors:	6.00
Percent Office:	15.00
Clear Height(Feet):	14.00
Total Parking Spaces:	47
Park. Ratio 1000 SF GLA:	0.89
No. Surface Spaces:	47
Park. Ratio 1000 SF GBA:	0.89
Bldg. to Land Ratio FAR:	0.74
Zoning Code:	C-M-1
Zoning Desc.:	Commercial Light Industrial
Source of Land Info.:	Other

## Comments

This building is attached to multiple other addresses which are not included in the size figures used here. The space at 3300 V Street NE only includes 53,000 SF of building area and is situated on 1.65 acres of land. The overall tax parcel includes a larger land area of 3.01 acres, but this includes some of the adjoining addresses. In



## Comments (Cont'd)

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addition to the on-site 45 parking spaces, there are about 114 more spaces located one block away.

This is a new 3-year lease that includes the base rent of \$9.75 per square foot, triple net, 3% annual escalations, and approximately \$2 per square foot in tenant improvements.





## Location & Property Identification

Property Name:	1369 New York Avenue, NE
Sub-Property Type:	Warehouse
Address:	1369 New York Ave. NE.
City/State/Zip:	Washington, DC 20002
Submarket:	Anacostia NE DC
Market Orientation:	Urban
IRR Event ID:	1482194



## Space Information

Space Type:	Industrial
Full Building Lease:	No
Leased Area:	7,000

## Lease Information

Lessee:	Republic Restorative Distillery
Start/Available Date:	07/01/2015
Term of Lease:	120 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$13.00
Effective Rental Rate:	\$13.00
Escalation Type:	Fixed Percentage
Transaction Reliability:	Confirmed

## Lease Expense Information

Reimbursement Method:	Triple Net
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## Improvement and Site Data

MSA:	Washington, DC
Legal/Tax/Parcel ID:	4038-0800
GBA-SF:	23,250
NRA-SF:	23,250
Acres(Usable/Gross):	0.28/0.28
Land-SF(Usable/Gross):	12,196/12,196
Usable/Gross Ratio:	1.00

Year Built:	1950
Property Class:	B
Improvements Cond.:	Fair
Exterior Walls:	Brick
No. of Buildings/Stories:	1/2
Percent Office:	15.00
Clear Height(Feet):	12.00
Corner Lot:	Yes
Bldg. to Land Ratio FAR:	1.91
Zoning Code:	CM2
Source of Land Info.:	Other

## Comments

This property has good visibility at the corner of New York Avenue and Fenwick Street, NE. Parking is available on Fenwick Street and nearby streets.

This is a new 10-year with a distillery tenant. The deal includes base rent of \$13 per SF (NNN) with \$7.50 per SF in TIs and six months free rent. The rent escalates at 7% annually during the first six years, then 3% for the last four years.



## Location & Property Identification

Property Name:	1369 New York Avenue, NE
Sub-Property Type:	Warehouse
Address:	1369 New York Ave. NE.
City/State/Zip:	Washington, DC 20002
Submarket:	Anacostia NE DC
Market Orientation:	Urban
IRR Event ID:	1482191



## Space Information

Space Type:	Industrial
Leased Area:	17,000

## Lease Information

Lessee:	Union Kitchen
Start/Available Date:	07/01/2015
Term of Lease:	120 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$13.00
Effective Rental Rate:	\$13.00
Escalation Type:	Fixed Percentage
Transaction Reliability:	Confirmed

## Lease Expense Information

Reimbursement Method:	Triple Net
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## Improvement and Site Data

MSA:	Washington, DC
Legal/Tax/Parcel ID:	4038-0800
GBA-SF:	23,250
NRA-SF:	23,250
Acres(Usable/Gross):	0.28/0.28
Land-SF(Usable/Gross):	12,196/12,196
Usable/Gross Ratio:	1.00
Year Built:	1950
Property Class:	B

Improvements Cond.:	Fair
Exterior Walls:	Brick
No. of Buildings/Stories:	1/2
Percent Office:	15.00
Clear Height(Feet):	12.00
Corner Lot:	Yes
Bldg. to Land Ratio FAR:	1.91
Zoning Code:	CM2
Source of Land Info.:	Other

## Comments

This property has good visibility at the corner of New York Avenue and Fenwick Street, NE. Parking is available on Fenwick Street and nearby streets.

This is a new 10-year lease with Union Kitchen, a food incubator. The deal includes base rent of \$13 per SF (NNN) with \$7.50 per SF in TIs and three months free rent. The rent escalates at 7% annually during the first five years, then 5% for the last five years.



## Location & Property Identification

Property Name:	V Street Industrial Warehouse
Sub-Property Type:	Warehouse
Address:	3525 V St. NE.
City/State/Zip:	Washington, DC 20018
County:	District of Columbia
Submarket:	Brookland
Market Orientation:	Urban
IRR Event ID:	1059868



## Space Information

Space Type:	Industrial
Suite #:	3525-A
Full Building Lease:	No
Leased Area:	7,800
% Office (leased space):	10%
Ceiling Height (ft):	18.00

## Lease Information

Lessee:	DC Arc
Start/Available Date:	10/01/2014
Term of Lease:	60 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$10.50
Effective Rental Rate:	\$10.50
Escalation Type:	Fixed Percentage
Transaction Reliability:	Confirmed

## Lease Expense Information

Reimbursement Method:	Triple Net
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## Improvement and Site Data

MSA:	Washington-Arlington-Alexandria, DC-VA-MD-WV
Legal/Tax/Parcel ID:	0173-0093
GBA-SF:	30,753

NRA-SF:	30,753
Acres(Gross):	0.75
Land-SF(Gross):	32,670
Year Built:	1955
Most Recent Renovation:	2013
Property Class:	B
Construction Quality:	Good
Exterior Walls:	Brick
No. of Buildings/Stories:	1/1
Multi-Tenant/Condo.:	Yes/No
Ceiling Height:	18.00
Clear Height(Feet):	18.00
Bldg. to Land Ratio FAR:	0.94
Zoning Code:	CM1
Source of Land Info.:	Other

## Comments

This represents the lease of 7,800 square feet of industrial space. The lease rate is \$10.50 per square foot, triple net, with an escalation rate of 3% annually. The CAM fee for the space is \$2.00/SF. The term of the lease is 5 years. The space was leased as is and is in good condition. The ceiling heights for the space 18 feet and approximately 800 SF (10.26%) of the unit has a finished office build out. The space was leased by DC Arc, a non-profit group.



**LAND DISPOSITION AND DEVELOPMENT AGREEMENT**

by and between the

DISTRICT OF COLUMBIA

and

IVY CITY PARTNERS, LLC

for the

DISPOSITION AND DEVELOPMENT OF  
THOSE CERTAIN PARCELS OF LAND LOCATED AT 1900 GALLAUDET STREET NE  
[THE CRUMMELL SCHOOL]

[Lot 0022 Parcel 0142 plus \_\_\_\_\_ [land and improvements constituting The Crummell  
School and parking lot]]

October \_\_, 2017

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**EXHIBITS**

Exhibit A Property Description  
 Exhibit B Form of Affordable Housing Covenant  
 Exhibit C Affordable Housing Plan  
 Exhibit D CBE Agreement  
 Exhibit E Form of Construction and Use Covenant  
 Exhibit F Form of Guaranty  
 Exhibit G First Source Agreement  
 Exhibit H Concept Plans  
 Exhibit I Form of Ground Lease  
 Exhibit J Form Letter of Credit  
 Exhibit K Schedule of Performance  
 Exhibit L Council Term Sheet  
 Exhibit M Right of Entry  
 Exhibit N Funding Plan for Both Projects  
 Exhibit O Budget for Both Projects  
 Exhibit P Underground Storage Tank Disclosure Form  
 Exhibit Q Developer’s Organizational Chart  
 Exhibit R Memorandum of Ground Lease  
 Exhibit S Development Plan for the Projects  
 Exhibit T Scope of Work for the Crummell School Project  
 Exhibit U Form of Operations and Maintenance Agreement  
 Exhibit V Condition Assessment for Crummell School Project

**LAND DISPOSITION AND DEVELOPMENT AGREEMENT**

THIS LAND DISPOSITION AND DEVELOPMENT AGREEMENT (this “**Agreement**”), is made effective for all purposes as of the \_\_\_\_ day of \_\_\_\_\_, 2017 between (i) **DISTRICT OF COLUMBIA**, a municipal corporation, acting by and through the Office of the Deputy Mayor for Planning and Economic Development (“**District**”), and (ii) **IVY CITY PARTNERS, LLC**, a Delaware Limited Liability Company (“**Developer**”) (individually a “**Party**” and collectively, the “**Parties**”).

**RECITALS:**

R-1. District owns the real property located at 1900 Gallaudet Street NE in the District of Columbia consisting of the Crummell School Building and surrounding land (Lot 0022 Parcel 0142) with a total of approximately 108,029 square feet (the “**Property**”).

R-2. The Property consists of two components: (i) the Crummell School Building and near adjacent land (the “**Crummell School Property**”) and (ii) the land adjacent to the Crummell School Property (the “**Ground Lease Property**”), as respectively depicted in **Exhibit A**.

R-3. District intends to ground lease the Ground Lease Property to Developer, and Developer intends to ground lease the Ground Lease Property from District, and to renovate the Crummell School Building on the Crummell School Property, in accordance with the terms of this Agreement, on which the Project (defined below) will be developed and constructed.

R-4. The disposition of the Ground Lease Property to Developer was approved on \_\_\_\_\_ by the Council of the District of Columbia (the “**Council**”) pursuant to the \_\_\_\_\_ Approval Act of \_\_\_\_\_, Act No. \_\_\_\_\_ (the “**Act**”), subject to certain terms and conditions incorporated herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties hereto, District and Developer do hereby agree as follows, to wit:

**ARTICLE I  
DEFINITIONS**

1.1 **Definitions**. For the purposes of this Agreement, the following capitalized terms shall have the meanings ascribed to them below:

“**Act**” is defined in the Recitals.

“**Additional Consideration**” has the meaning set forth in Section 2.1.2.

“**Additional Project Deposit**” has the meaning given it in Section 2.2.1(b).



“**Affiliate**” means with respect to any Person (“first Person”) (i) any other Person directly or indirectly Controlling, Controlled by, or under common Control with such first Person, (ii) any officer, director, partner, shareholder, manager, member, or trustee of such first Person, or (iii) any officer, director, general partner, manager, member, or trustee of any Person described in clauses (i) or (ii) of this sentence.

“**Affordable Housing Covenant**” is that certain Affordable Housing Covenant between District and Developer in the form attached hereto as **Exhibit B**, to be recorded in the Land Records against the Ground Lease Property at the Closing pursuant to Applicable Law and this Agreement.

“**Affordable Housing Plan**” is attached hereto as **Exhibit C**.

“**Affordable Unit**” means an affordable dwelling unit constructed as part of the Improvements.

“**Agreement**” means this Land Disposition and Development Agreement.

“**Applicable Law**” means all applicable District of Columbia and federal laws, codes, regulations, and orders, including, without limitation, Environmental Laws, laws relating to historic preservation, laws relating to accessibility for persons with disabilities, and, if applicable, the Davis-Bacon Act.

“**Approvals**” means all applicable governmental approvals that are required under Applicable Law to construct the Improvements, including those that pertain to any subdivision, tax lot designations, street closing(s), and other regulatory approvals, including, without limitation, approval by the District of Columbia Board of Zoning Adjustment or Zoning Commission, but expressly excluding the Permits.

“**Approved Plans and Specifications**” is defined in Section 4.2.1.

“**Architect**” means the architect of record for the Project, who shall be licensed to practice architecture in the District of Columbia.

“**Bonds**” is defined in Section 8.3.

“**Business Day**” means Monday through Friday, inclusive, other than holidays recognized by the District of Columbia government.

“**CBE Agreement**” is that certain SBE Subcontracting, and Equity and Development Participation, Statutory Requirements Acknowledgement Form, executed by Developer, governing certain obligations of Developer under the Small, Local and Disadvantaged Business Enterprise Development and Assistance Act of 2005, as amended (D.C. Law 16-33; D.C. Official Code §§2-218.01, et seq.) with respect to the Project, attached hereto as **Exhibit D**.

“**Certificate of Final Completion**” shall have the meaning given in the Construction and Use Covenant.

“**Closing**” is the consummation of the transactions involving the lease of the Property from District to Developer, as contemplated by this Agreement.

“**Closing Date**” is defined in Section 6.1.

“**Commencement of Construction**” means the time at which Developer has (i) executed a Construction Contract with its Contractor; (ii) given the Contractor a notice to proceed under said Construction Contract; (iii) caused the Contractor to mobilize on the Property equipment necessary for demolition, if any, and/or excavation; (iv) obtained the required Permits for demolition, excavation and sheeting and shoring; and (v) commenced demolition, if any, and excavation and sheeting and shoring upon the Property pursuant to the Approved Construction Plans and Specifications. For purposes of this Agreement, the term “Commencement of Construction” does not mean site exploration, borings to determine foundation conditions, or other pre-construction monitoring or testing to conduct due diligence activities or to establish background information related to the suitability of the Property for the Project or the investigations of environmental conditions, but “Commencement of Construction” shall include any material removal of Hazardous Materials from the Property by Developer in anticipation of excavation for construction.

“**Community Participation Program**” is defined in Section 4.6.

“**Comprehensive Plan Amendment**” is defined in Section 4.11.

“**Concept Plans**” are the design plans that serve the purpose of establishing the major direction of the design of the Improvements, which are attached as Exhibit H.

“**Condition Assessment**” is described in Section 2.3.5 attached as Exhibit V.

“**Construction and Use Covenant**” is that certain Construction and Use Covenant between District and Developer, in the form attached hereto as Exhibit E, to be recorded in the Land Records against the Property in connection with Closing.

“**Construction Consultant**” is defined in Section 4.7.

“**Construction Contract or Contracts**” means, individually or collectively, as the context requires: (i) a contract or contracts with the Contractor(s) for the construction of the Ground Lease Project and (ii) a separate contract or contracts with the same or separate Contractor(s) for the renovation of the Crummell School Project, all in accordance with the Development Plan, the Approved Plans and Specifications, this Agreement, the CBE Agreement, and the First Source Agreement.

“**Construction Drawings**” mean the detailed architectural drawings and specifications that are prepared by the Architect for all aspects of the Improvements for the Project in accordance with the approved Design Development Plans and that are used to obtain Permits, detailed cost estimates, to solicit and receive construction bids, and to direct the actual construction of the Improvements.

**“Construction Plans and Specifications”** mean the Concept Plans, the Schematic Drawings, the Design Development Plans and the Construction Drawings, all for the Ground Lease Project and the Crummell School Project components of the Project (including any plans or specifications for the tenant improvements described in the Scope of Work for the Crummell School Project), individually or collectively, as the context shall appear, which shall be delivered by Developer to District, and approved by District, to the extent required by, and in accordance with the standards set forth in, Article IV of this Agreement. As used in this Agreement, the term “Construction Plans and Specifications” shall include any changes to such Construction Plans and Specifications that are made in accordance with the terms of this Agreement.

**“Contractor or Contractors”** means, collectively: (i) the general contractor or contractors for the Ground Lease Project and (ii) the general contractor or contractors for the Crummell School Project.

**“Control”** means the possession, directly or indirectly, of the power to direct, or cause the direction of, the management and policies of a Person, whether through ownership of voting securities, membership interests or partnership interests, by contract or otherwise, or the power to elect at least fifty percent (50%) of, as applicable, the directors, managers, managing partners, or Persons exercising similar authority with respect to the subject Person. The terms “Control,” “Controlling,” “Controlled by” or “under common Control with” shall have meanings correlative thereto.

**“Council”** is defined in the Recitals.

**“Council Term Sheet”** means the term sheet attached as Exhibit L executed as required by D.C. Official Code § 10-801(b-1)(2).

**“Crummell School Project”** has the meaning set forth in the Development Plan.

**“Crummell School Property”** is defined in the Recitals and Exhibit A-2.

**“Crummell School Repairs”** is defined in Section 2.3.5.

**“Debt Financing”** shall mean the aggregate financing or financings to be obtained by Developer from one or more Institutional Lenders to fund the costs set forth in the Project Budget, other than any Equity Investment.

**“Deposits”** means collectively the Project Deposit and the Additional Project Deposit.

**“Design Development Plans”** are the design plans produced after review and approval of the Schematic Plans that reflect refinement of the approved Schematic Plans, showing all aspects of the Improvements at their proposed size and shape. The Design Development Plans shall include details of materials and design, including size and scale of façade elements, which are presented in detailed illustrations.

**“Developer”** is defined in the Preamble.

“**Developer Default**” is defined in Section 9.1.1.

“**Developer’s Agents**” means Developer’s agents, officers, directors, employees, consultants, contractors, subcontractors, and representatives.

“**Development Plan**” is the development plan for the Project attached hereto as Exhibit S, which Development Plan includes the Scope of Work.

“**Disapproval Notice**” is defined in Section 4.2.3.

“**DGS**” means the Department of General Services of the District of Columbia.

“**Disposal Plan**” is defined in Section 2.3.1(b).

“**District**” is defined in the Preamble.

“**District Default**” is defined in Section 9.1.2.

“**DOEE**” means the District of Columbia Department of Energy and Environment.

“**DOES**” is the District of Columbia Department of Employment Services.

“**DSLBD**” is the District of Columbia Department of Small and Local Business Development.

“**Effective Date**” is the date first written above, provided that all Parties shall have executed and delivered this Agreement to one another by that date.

“**Entitlements**” means any necessary approval for the Project from the Zoning Commission, the United States Commission of Fine Arts, or the Historic Preservation Review Board of the District of Columbia, or similar reviewing body.

“**Entitlements Applications**” shall mean the applications for Entitlements for the Project, which applications shall be based on the Concept Plans and the Development Plan, and shall otherwise be consistent with the requirements of this Agreement.

“**Environmental Laws**” means any present and future federal, state or local law and any amendments (whether common law, statute, rule, order, regulation or otherwise), permits and other requirements or guidelines of Governmental Authorities and relating to (a) the protection of health, safety, and the indoor or outdoor environment; (b) the conservation, management, or use of natural resources and wildlife; (c) the protection or use of surface water and groundwater; (d) the management, manufacture, possession, presence, use, generation, transportation, treatment, storage, disposal, release, threatened release, abatement, removal, remediation, or handling of or exposure to Hazardous Materials; or (e) pollution (including any release to air, land, surface water, and groundwater), including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource

Conservation and Recovery Act of 1976, and subsequently amended, 42 U.S.C. § 6901 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 5101 et seq.; the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 U.S.C. § 1251 et seq.; the Oil Pollution Act of 1990, 33 U.S.C. § 32701 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, 7 U.S.C. § 136-136y, the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. § 2601 et seq.; the Safe Drinking Water Act of 1974, as amended, 42 U.S.C. § 300f et seq.; the Emergency Planning and Community Right-To-Know Act of 1986, 42 U.S.C. § 11001 et seq.; the Occupational Safety and Health Act of 1970, 29 U.S.C. § 651 et seq.; the National Environmental Policy Act of 1969, 42 U.S.C. § 4321 et seq.; and any similar, implementing, or successor law, and any amendment, rule, regulatory order, or directive issued thereunder.

**“Equity Investment”** shall mean the funding for the Project that is provided by any Person with a direct or indirect ownership interest in Developer, which funding shall cover the difference between the proceeds of all Debt Financing and the costs set forth in the Project Budget.

**“Final Project Budget”** is defined in Section 4.8.3.

**“Final Project Funding Plan”** is defined in Section 4.8.3.

**“Financing Commitments”** shall mean bona fide commitment(s) for the Debt Financing and Equity Investment.

**“Financing Documents”** means (a) the final loan documents for the Debt Financing, (b) the agreements evidencing the Equity Investment, and (c) a statement detailing the disbursement of the proceeds of the Debt Financing and Equity Investment at Closing.

**“First Source Agreement”** is that agreement between Developer and DOES, attached hereto as Exhibit G, governing certain obligations of Developer regarding job creation and employment generated as a result of the Project.

**“Force Majeure”** is an act or event, including, as applicable, an act of God; fire; earthquake; flood; explosion; war; invasion; insurrection; riot; mob violence; sabotage; terrorism; inability to procure or a general shortage of labor, equipment, facilities, materials, or supplies in the open market; failure or unavailability of transportation; strike, lockout, or other actions of labor unions; a taking by eminent domain or requisition; epidemics or quarantines, hurricanes or tornadoes resulting in stoppage of construction projects generally in the vicinity of the Property, and laws or orders of government or of civil, military, or naval authorities enacted or adopted after the Effective Date; so long as such act or event: (i) is not within the reasonable control of Developer, Developer’s Agents, or its Members, or by District in the event District’s claim is based on a Force Majeure event; (ii) is not due to the fault or negligence of Developer, Developer’s Agents, or its Members, or by District in the event District’s claim is based on a Force Majeure event; (iii) is not reasonably avoidable by Developer, Developer’s Agents, or its Members or by District in the event District’s claim is based on a Force Majeure event; and (iv) directly results in a delay in performance by Developer or District, as applicable; but specifically excluding: (A) shortage or unavailability of funds or Developer’s financial condition; (B)

changes in market conditions such that the Project is no longer practicable under the circumstances; or (C) the acts or omissions of a general contractor, its subcontractors, or any of Developer's Agents or Members.

**"Governmental Authority"** means the United States of America, the District of Columbia, and any agency, department, commission, board, bureau, instrumentality or political subdivision of the foregoing, now existing or hereafter created, having jurisdiction over Developer or the Project or portion thereof, or any street, road, avenue or sidewalk comprising a part of, or in front of, the Property, or any vault in or under the Property, or airspace within or over the Property.

**"Ground Lease Property"** is defined in the Recitals and **Exhibit A-1**.

**"Ground Lease"** means the ground lease agreement by which District will lease the Ground Lease Property to Developer in the form attached hereto as **Exhibit I**.

**"Ground Lease Project"** has the meaning set forth in the Development Plan.

**"Guarantor"** is, as of the Effective Date, \_\_\_\_\_, or such other Person selected by Developer and approved by District pursuant to **Section 4.4**, who will enter into a Guaranty at Closing.

**"Guarantor Submissions"** shall mean the current audited (or if not audited, certified as described below) financial statements and audited (or if not audited, certified as described below) balance sheets, profit and loss statements, cash flow statements and other financial reports and other financial information of a proposed guarantor as District may reasonably request, together with a summary of such proposed guarantor's other guaranty obligations and the other contingent obligations of such proposed guarantor (in each case, certified by such proposed guarantor or an officer of such proposed guarantor as being true, correct and complete). Additionally, for any proposed guarantor that is not a natural person, the following documents evidencing the due organization and authority of such guarantor to enter into, join and consummate the actions required under the Guaranty: (i) the organizational documents and a current certificate of good standing issued by its state of formation and the District of Columbia for the proposed guarantor; (ii) authorizing resolutions, in form and content satisfactory to District, demonstrating the authority of the proposed guarantor and of the Person executing the Guaranty on behalf of such proposed guarantor; and (iii) a customary opinion of counsel that such proposed guarantor is validly organized, existing and in good standing in its state of formation, and is authorized to do business in the District of Columbia, that such proposed guarantor has the full authority and legal right to carry out the terms of the Guaranty, that such proposed guarantor has taken all actions to authorize the execution, delivery, and performance of the Guaranty, that none of the aforesaid actions, undertakings, or agreements violate any restriction, term, condition, or provision of the organizational documents of such proposed guarantor, or, to counsel's actual knowledge, any contract or agreement to which such proposed guarantor is a party or by which it is bound.

**"Guaranty"** means a development and completion guaranty to be executed by Guarantor in the form attached hereto as **Exhibit F**, which shall, among other things, obligate the

Guarantor to develop and otherwise construct the Improvements in the manner and within the time frames required by the terms of the Construction and Use Covenant and the Affordable Housing Covenant.

**“Hazardous Materials”** means (a) asbestos and any asbestos containing material; (b) any substance that is then defined or listed in, or otherwise classified pursuant to, any Environmental Law or any other Applicable Law as a “hazardous substance,” “hazardous material,” “hazardous waste,” “infectious waste,” “toxic substance,” or “toxic pollutant” or any other formulation intended to define, list or classify substances by reason of deleterious properties, such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, or Toxicity Characteristic Leaching Procedure (TCLP) toxicity; (c) any petroleum and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas or geothermal resources; and (d) any petroleum product, polychlorinated biphenyls, urea formaldehyde, radon gas, radioactive material (including any source, special nuclear or by-product material), medical waste, chlorofluorocarbon, lead or lead-based product, and any other substance the presence of which could be detrimental to the Property or hazardous to health or the environment.

**“Improvements”** means landscaping, hardscape, and improvements to be constructed or placed on the Property in accordance with the Development Plan and Approved Plans and Specifications for the two separate Projects; provided, however, that in no event shall trade fixtures, furniture, operating equipment (in contrast to building equipment), stock in trade, inventory, or other personal property used in connection with the conduct of any business within the term “Improvements” as used in this Agreement.

**“Institutional Lender”** shall mean a Person that is not an Affiliate of Developer or a Prohibited Person and is, at the time it first makes a loan to Developer, or acquires an interest in any such loan, (i) a commercial bank, investment bank, investment company, savings and loan association, trust company or national banking association, acting for its own accord; (ii) a finance company principally engaged in the origination of commercial mortgage loans or any financing related subsidiary of a Fortune 500 company; (iii) an insurance company acting for its own account or for special accounts maintained by it or as agent or manager or advisor for other entities covered by any of clauses (i) – (x) hereof; (iv) a public employees’ pension or retirement system; (v) a pension, retirement, or profit sharing, or commingled trust or fund for which any bank, trust company, national banking association or investment adviser registered under the Investment Advisors Act of 1940, as amended is acting as trustee or agent; (vi) a real estate investment trust (or umbrella partnership or other entity of which a real estate investment trust is the majority owner), a real estate mortgage investment conduit, hedge fund, private equity fund or securitization trust or similar investment entity; (vii) any federal, state, or District of Columbia government agency regularly making, purchasing or guaranteeing mortgage loans, or any governmental agency supervising the investment of public funds; (viii) a profit-sharing or commingled trust or fund, the majority of equity investors in which are pension funds having in the aggregate no less than \$1 billion in assets; (ix) any entity of any kind actively engaged in commercial real estate financing and having total assets in the aggregate of no less than \$1 billion; or (x) such other lender, subject to approval by District, in its sole and absolute discretion, provided that such other lender is at the time of making the loan of a type which is then customarily used as a lender on projects like the Project.

“**Interim Uses**” has the meaning set forth in Section 7.11.

“**Interim Uses Agreement**” has the meaning set forth in Section 7.11.

“**Land Records**” means the property records maintained by the Recorder of Deeds for the District of Columbia.

“**Letter of Credit**” means a stand-by letter of credit from an Institutional Lender in the form attached hereto as Exhibit J.

“**License Agreement**” means that certain Amended and Restated License Agreement, dated as of December 17, 2012, by and between the District of Columbia and Union Station Redevelopment Corporation.

“**Managing Member**” means S/C Ivy City Partners, LLC, a Delaware limited liability company.

“**Material Change**” means (i) any change in size or design from the Approved Plans and Specifications that substantially affects the general appearance of the Improvements, or changes the building bulk or the number of floors of the Improvements or any change or series of changes that result in a diminution or increase of square footage of the Improvements in excess of five percent (5%) (for below-grade Improvements ten percent (10%) for commercial space or twenty percent (20%) for non-commercial space); (ii) any change to the structural integrity of exterior walls or elevations; (iii) any changes in exterior finishing materials that substantially affects the architectural appearance from those shown and specified in the Approved Plans and Specifications; (iv) any change in the functional use and operation of the Improvements from those shown and specified in the Approved Plans and Specifications; (v) any changes in design and construction of the Improvements requiring approval of, or any changes required by, any District of Columbia agency, body, commission or officer (other than District); (vi) any change in number of parking spaces in the Improvements by five percent (5%) or more from the Approved Plans and Specifications; (viii) any significant change that affects the appearance of landscape design or plantings from the Approved Plans and Specifications; (ix) any significant change that affects the general appearance or structural integrity of exterior pavement, exterior lighting and other exterior site features from the Approved Plans and Specifications; and (x) any change that reduces the number of Affordable Units; or (xi) any change or series of changes that reduces the total residential square footage of the Improvements by more than five percent (5%).

“**Member**” means any Person with an ownership interest in Developer.

“**Memorandum of Ground Lease**” shall mean that certain memorandum of ground lease in the form attached as Exhibit R.

“**Mortgage**” means a mortgage, deed of trust, mortgage deed, or such other classes of legal documents as are commonly given to secure advances on fee simple and leasehold estates under the laws of the District of Columbia.



“**Operations and Maintenance Agreement**” shall mean the form of Operations and Maintenance Agreement described in Section 2.1.3 and in the form attached as Exhibit U.

“**Outside Closing Date**” is defined in Section 6.1.

“**Party**” when used in the singular, shall mean either District or Developer; when used in the plural, shall mean both District and Developer.

“**Permits**” means all demolition, site, building, construction, excavation, and other permits, approvals, licenses, and rights required to be obtained from any Governmental Authority having jurisdiction over the Property necessary to commence and complete construction of the Improvements in accordance with the Development Plan, the Approved Plans and Specifications, the Construction and Use Covenant, and this Agreement.

“**Permitted Exceptions**” is defined in Section 2.4.2.

“**Person**” means any individual, corporation, limited liability company, trust, partnership, association, or other entity.

“**Progress Meetings**” is defined in Section 4.1.3.

“**Prohibited Person**” shall mean any of the following Persons: (A) any Person (or any Person whose operations are directed or controlled by a Person) who has been convicted of, has pleaded guilty in a criminal proceeding for, or is an on-going target of a grand jury investigation concerning, a felony for one or more of the following: (i) fraud, (ii) intentional misappropriation of funds, (iii) bribery, (iv) conspiracy to commit a crime, (v) making false statements to a governmental agency, (vi) improperly influencing a governmental official, and (vii) extortion; or (B) any Person organized in or controlled from a country, the effects of the activities with respect to which are regulated or controlled pursuant to the following United States laws and the regulations or executive orders promulgated thereunder: (x) the Trading with the Enemy Act of 1917, 50 U.S.C. § 4301 et seq., as amended; (y) the International Emergency Economic Powers Act of 1977, 50 U.S.C. § 1701 et seq., as amended; and (z) the Antiterrorism and Arms Export Amendments Act of 1989, codified at Section 6(j) of the Export Administration Act of 1979, 50 U.S.C. § 4605, as amended; or (C) any Person who has engaged in any dealings or transactions (i) in contravention of the applicable money laundering laws or regulations or conventions or (ii) in contravention of Executive Order No. 13224 dated September 24, 2001 issued by the President of the United States (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), as may be amended or supplemented from time-to-time or any published terrorist or watch list that may exist from time to time; or (D) any Person who appears on or conducts any business or engages in any transaction with any person appearing on the list maintained by the U.S. Treasury Department’s Office of Foreign Assets Control located at 31 C.F.R., Chapter V, Appendix A or is a person described in Section 1 of the Anti-Terrorism Order described above; or (E) any Person who could be debarred if the standards applied in Title 27, Section 2213 of the D.C. Municipal Regulations were applied to such Person’s failure to satisfy a contractual obligation to the District of Columbia; or (F) any Person who is on the District of

Columbia's list of debarred, suspended or ineligible Persons; or (G) any Affiliate of any of the Persons described in any one or more of clauses (A) through (F) above.

**"Project" or "Projects"** means the Crummell School Project and the Ground Lease Project, each separate and distinct projects to be developed in accordance with the Development Plan and the Approved Plans and Specifications, referred to sometimes collectively herein as the Project solely for convenience and to ensure completion of the design, development, and construction of the Improvements in both of the two separate Projects, and to describe obligations of the parties and other matters, all in accordance with this Agreement.

**"Project Budget"** has the meaning given in Section 4.8.2.

**"Project Deposit"** has the meaning given it in Section 2.1.2(a).

**"Project Funding Plan"** has the meaning given it in Section 4.8.1.

**"Project Plans"** is defined in Section 4.1.1.

**"Property"** is defined in the Recitals.

**"Residential Units"** means the residential dwelling units to be constructed on the Property in accordance with the Development Plan and this Agreement, including the Affordable Units.

**"Resolution"** is defined in the Recitals.

**"Resubmission Period"** is a period of thirty (30) days commencing on the day after Developer receives a Disapproval Notice from District with regards to Construction Plans and Specifications (or fifteen (15) days with regards to Schematic Drawings and Design Development Plans), or such other period of time as District and Developer may agree in writing. In the event either Developer or District reasonably believes that the Resubmission Period should be longer or shorter than the above periods, such Party shall promptly notify the other in writing of the period of time that such Party reasonably believes should apply and the reasons therefor.

**"Retail Plan"** is defined in Section 4.5.

**"Review Period"** is defined in Section 4.2.2.

**"ROE"** is defined in Section 2.3.1(a).

**"Schedule of Performance"** means that schedule of performance, attached hereto as Exhibit K and incorporated herein, setting forth the timeline for design, development, construction, and completion of the Improvements (including a construction timeline in customary form) together with the dates for submission of documentation required under this Agreement, which schedule shall be attached to the Construction and Use Covenant.

“**Schematic Drawings**” means drawings and plans for the Improvements that include and show, at a minimum, the following: (a) site survey; (b) site plan; (c) ground level plan; (d) preliminary building elevations; (e) a landscape plan (1”=30’) showing the proposed location of plantings, including trees and shrubs on the Property; (f) the approximate square footage of each building to be developed as part of the Improvements; (g) the location of parking facilities and approximate number of spaces; (h) schematic building plans, inclusive of any underground garage facility (1/20”=1’); (i) typical floors plans, inclusive of any underground garage facilities (1/20”=1’); (j) a chart showing expected floor areas, expected floor area ratio, expected building coverage of the Property, expected building height, areas dedicated to pedestrian and recreational uses, and expected location of loading docks; (k) a topographic survey for the Property; (l) expected open spaces, driveways, access roads, private streets, sidewalks and loading on the Property; and (m) the intended Affordable Unit count and proposed unit location, which shall be consistent with the requirements of the Affordable Housing Covenant.

“**Scope of Work**” means the scope of work for the Crummell School Project as detailed in the Scope of Work attached hereto as **Exhibit T**, which Scope of Work is part of the Development Plan.

“**Second Notice**” means that notice given by Developer to District in accordance with Section 4.2.2 and/or Section 4.2.3 herein. Any Second Notice shall (a) be labeled, in bold, 18 point font, as a “SECOND AND FINAL NOTICE”; (b) contain the following statement: “A FAILURE TO RESPOND TO THIS NOTICE WITHIN FIFTEEN (15) BUSINESS DAYS SHALL CONSTITUTE APPROVAL OF THE [NAME OF SUBMISSION ORIGINALLY SUBMITTED ON DATE OF DELIVERY OF SUCH SUBMISSION]”; and (c) be delivered in the manner prescribed in Section 13.1, in an envelope conspicuously labeled “SECOND AND FINAL NOTICE”.

“**Settlement Agent**” means \_\_\_\_\_, the title agent selected by Developer and mutually acceptable to Developer and District.

“**Settlement Statement**” is the settlement statement prepared by Settlement Agent setting forth the sources and uses of all funds associated with Closing.

“**Submissions**” means those certain plans, specifications, documents, items and other matters to be submitted by Developer to District pursuant to the terms of this Agreement.

“**Studies**” is defined in Section 2.3.1.

“**Subdivision Plat**” is defined in Section 4.10.

“**Substantial Completion**” shall be the date on which the Contractor, the Architect and District Construction Consultant have all executed a certificate of substantial completion for both of the Projects.

“**Transfer of Membership Interests**” is defined in Section 11.2.

“**UST Act**” is defined in Section 2.3.3.

“**UST Regulations**” is defined in Section 2.3.3.

“**Zoning Commission**” means the District of Columbia Zoning Commission.

1.2 Rules of Construction. Unless the context clearly indicates to the contrary, for all purposes of this Agreement, (a) words importing the singular number include the plural number and words importing the plural number include the singular number; (b) words of the masculine gender include correlative words of the feminine and neuter genders; (c) words importing persons include any Person; (d) any reference to a particular Section shall be to such Section of this Agreement; and (e) any reference to a particular Exhibit shall be to such Exhibit to this Agreement; and to all sub-exhibits related thereto (e.g., references to Exhibit A shall include Exhibit A-1, Exhibit A-2, etc.).

1.3 Other Definitions. When used with its initial letter(s) capitalized, any term which is not defined in this Article I shall have the definition assigned to it elsewhere in this Agreement.

## **ARTICLE II**

### **GROUND LEASE OF GROUND LEASE PROPERTY; ADDITIONAL CONSIDERATION; DEPOSITS; CONDITION OF PROPERTY**

#### 2.1 Ground Lease; Additional Consideration.

2.1.1 Ground Lease of the Ground Lease Property. Subject to and in accordance with the terms of this Agreement and the Ground Lease, District shall ground lease the Ground Lease Property to Developer at Closing for a period of 99 years. The annual base rent shall be One Dollar (\$1.00) per annum. The annual rent of One Dollar (\$1.00 per annum) shall be subject to an appraisal approved by District in its sole and absolute discretion justifying the nominal One Dollar (\$1.00) per annum ground rent and the Additional Consideration to be paid by Developer in accordance with Section 2.1.2 below.

2.1.2 Additional Consideration; Renovation of Crummell School. As additional consideration for the disposition by ground lease as set forth in this Agreement, Developer agrees to renovate the Crummell School on the Crummell School Property, all as more particularly described in the Scope of Work (“**Additional Consideration**”). The Developer shall spend no less than the amount set forth in the Council Term Sheet to renovate the Crummell School Property in accordance with the Scope of Work.

2.1.3 Operations and Maintenance Agreement. At Closing, Developer and District shall execute and deliver an Operations and Maintenance Agreement for future operations of both of the Projects

(the “**Operations and Maintenance Agreement**”) in the form attached hereto as **Exhibit U**.

2.2 Deposits; Letters of Credit.

2.2.1 Deposits.

(a) District acknowledges that prior to the Effective Date Developer delivered to District an Acceptable Letter of Credit in the amount of **FIFTY THOUSAND DOLLARS (\$50,000.00)** (the “**Project Deposit**”).

(b) No later than the Effective Date the Developer shall deliver to District an additional Acceptable Letter of Credit in the amount of **FIFTY THOUSAND DOLLARS (\$50,000.00)** (the “**Additional Project Deposit**”) (the Project Deposit and the Additional Project Deposit are collectively referred to herein as the “**Deposits**”).

(b) The Deposits are not payments on account of and shall not be credited against the Purchase Price; rather, the Deposits shall be held by District to be used as security to ensure Developer’s compliance with this Agreement and may be drawn on by District in accordance with the terms of this Agreement. The Deposits and any replacement Letters of Credit provided under this Agreement is, or shall be, an Acceptable Letter of Credit. Notwithstanding any provision herein to the contrary, District shall return the Deposits to Developer at Closing.

2.2.2 Acceptable Letters of Credit.

(a) Each letter of credit delivered by Developer to District pursuant to this Agreement shall be in the form attached hereto as **Exhibit J** and otherwise in form and substance reasonably satisfactory to District, provided that such letter of credit shall be: (i) issued by a commercial bank with an office located in the Washington, D.C. metropolitan area; (ii) made payable to District; (iii) payable at sight upon presentment to a Washington, D.C. metropolitan area branch or office of the issuer (or such other branch or office of the issuer as may be reasonably acceptable to District) of a simple sight draft stating only that District is permitted to make such draw on the letter of credit under the terms of this Agreement and setting forth the amount that District is drawing; (iv) of a term not less than one (1) year and shall on its face state that same shall be renewed automatically, without the need for any further notice or amendment, for successive minimum one-year periods, unless the issuer notifies District in writing, at least thirty (30) days prior to the expiration date thereof, that such issuer has elected not to renew the letter of credit; and (v) at least thirty (30) days prior to the then-current expiration date of such letter of credit, renewed (or automatically and unconditionally extended) from time to time until, with respect to the Deposit, thirty (30) days following the scheduled Closing Date. A letter of credit satisfying all of the requirements set forth above shall be an “**Acceptable Letter of Credit**”.

(b) Developer shall deliver to District a replacement Acceptable Letter of Credit in the event of either (i) either Deposit will expire prior to the Closing Date or (ii) if the issuer of the Acceptable Letter of Credit notifies District in writing that it will not renew the same. Any such replacement Letter of Credit shall be delivered to District at least ten (10) days prior to the expiration date of the expiring Acceptable Letter of Credit.

(c) In the event the issuer of any Acceptable Letter of Credit is insolvent or is placed into receivership or conservatorship by the Federal Deposit Insurance Corporation, or any successor or similar entity, or if a trustee, receiver, or liquidator is appointed for the insurer, then, effective as of the date of such occurrence, said letter of credit shall no longer meet the requirements of an Acceptable Letter of Credit, and, within ten (10) days thereof, Developer shall deliver to District a replacement Acceptable Letter of Credit.

(d) If District draws any part of either Deposit without also terminating this Agreement, Developer shall replenish such Deposit to its full amount within ten (10) days following District's draw on such Deposit.

(e) In the event Developer fails to deliver a replacement Acceptable Letter of Credit pursuant to Section 2.2.2(b) or Section 2.2.2(e) or fails to replenish either Deposit pursuant to Section 2.2.2(d), the same shall be an Event of Default hereunder, whereupon District shall be entitled to draw on either or both of the Deposits in their full amounts and terminate this Agreement in accordance with Section 9.2(a).

## 2.3 Condition of Property.

### 2.3.1 Feasibility Studies; Access to Property.

(a) Developer hereby acknowledges that, prior to the Effective Date, it has had the right to perform Studies (as hereinafter defined) on the Property using experts of its own choosing and to access the Property for the purposes of performing Studies pursuant to the terms of that certain Right-of-Entry Agreement (the "ROE") by and between Developer and District, attached hereto as Exhibit M and incorporated herein. From time to time prior to Closing, provided this Agreement is in full force and effect and no uncured Developer Default has occurred, Developer and Developer's Agents shall continue to have the right to enter the Property for purposes of conducting surveys, the Condition Assessment for the Crummell School Property, soil tests, environmental studies, engineering tests, and such other tests, studies, and investigations (hereinafter "Studies") as Developer deems necessary or desirable to conduct due diligence and to evaluate the Property pursuant to the terms of this Agreement and the terms and conditions of the ROE, as if such terms, conditions and agreements were expressly set forth herein. In the event of any conflict between the terms of the ROE or the terms of this Agreement, the terms of this Agreement shall control and be paramount. The provisions of this Section 2.3.1 shall supersede and replace any provisions related to Developer's right of entry upon the Property for feasibility studies that may be set forth in any prior non-binding statement of minimum terms or term sheet.

(b) In the event that Developer or Developer's Agents disturbs, discovers or removes any materials or waste from the Property while conducting the Studies, or otherwise during its entry on the Property, which are determined to be Hazardous Materials, Developer shall notify District and DOEE immediately after its discovery of such Hazardous Materials. In the event such Hazardous Materials are discovered by Developer or Developer's Agents, Developer shall submit a notice of a proposed plan for disposal (the "**Disposal Plan**") to District and DOEE no later than fifteen days (15) days after discovery. The Disposal Plan shall contain all identifying information as to the type and condition of the Hazardous Materials

discovered and a detailed account of the proposed removal and disposal of the Hazardous Materials, including the name and location of the hazardous waste disposal site. DOEE may conduct an independent investigation of the Property, including but not limited to, soil sampling and other environmental testing as may be deemed necessary. Upon completion of DOEE's investigation, District and/or DOEE shall notify Developer of its findings and shall notify Developer by notice of its approval or disapproval of the proposed Disposal Plan. In the event DOEE disapproves the proposed Disposal Plan, Developer shall resubmit a revised Disposal Plan to District and DOEE. Developer shall seek the advice and counsel of DOEE prior to any resubmission of a proposed Disposal Plan. Upon review of the revised Disposal Plan, District or DOEE shall notify Developer of its decision. Upon approval of the Disposal Plan, Developer shall remove and dispose of all Hazardous Materials in accordance with the approved Disposal Plan and all Applicable Law; provided, however, Developer shall not be required to begin its removal and disposal of Hazardous Materials not already disturbed or removed until after Closing. Within seven (7) Business Days after the disposal of any Hazardous Materials, Developer shall provide District such written evidence and receipts confirming the proper disposal of all Hazardous Materials removed from the Property.

(c) Developer shall not have the right to object to any condition that may be discovered, offset any amounts from the Purchase Price or terminate this Agreement as a result of any Studies conducted after the Effective Date.

(d) In the event of a termination of this Agreement prior to Closing, neither Developer nor any of Developer's Agents shall have any continuing liability or obligations regarding the Disposal Plan or the removal or remediation of any Hazardous Materials on the Property, except for any Hazardous Materials introduced by, or disturbed by, Developer or Developer's Agents.

(e) Developer covenants and agrees that Developer shall keep confidential all information obtained by Developer as to the condition of the Property; provided, however, that (i) Developer may disclose such information to its Members, officers, directors, attorneys, consultants, Settlement Agent, contractors and subcontractors, and potential lenders and investors so long as Developer directs such parties to maintain such information as confidential; and (ii) Developer may disclose such information as it may be legally compelled so to do. The foregoing obligation of confidentiality shall not be applicable to any information which is a matter of public record or, by its nature, necessarily available to the general public. This provision shall survive Closing or the earlier termination of this Agreement.

(f) Developer shall indemnify and hold harmless District, its officials, officers, employees, and agents from all liabilities, obligations, damages, penalties, claims, costs, charges, and expenses (including reasonable attorneys' fees), of whatsoever kind and nature for injury, including personal injury or death of any person or persons, and for loss or damage to any property occurring in connection with, or in any way arising out of the use and occupancy of the Property by Developer or Developer's Agents during, and performance of, the Studies; provided, however, the foregoing indemnity shall exclude (i) any claims or liabilities caused by the gross negligence or willful misconduct of District or its officials, officers, agents, employees, or contractors and (ii) any claims by USRC that access violates or causes a default under the

License Agreement. This provision shall survive Closing or earlier termination of this Agreement.

2.3.2 Soil Characteristics. District hereby states that the soil on the Property has been described by the Soil Conservation Service of the United States Department of Agriculture in the Soil Survey of the District of Columbia and as shown on the Soil Maps as \_\_\_\_\_ [TO BE FILLED IN]. Developer acknowledges that, for further soil information, Developer can contact a soil testing laboratory, DOEE or the Soil Conservation Service of the United States Department of Agriculture. The foregoing is set forth pursuant to requirements contained in D.C. Official Code § 42-608(b) and does not constitute a representation or warranty by District.

2.3.3 Underground Storage Tanks. In accordance with the requirements of Section 3(g) of the D.C. Underground Storage Tank Management Act of 1990, as amended by the District of Columbia Underground Storage Tank Management Act of 1990 Amendment Act of 1992 (D.C. Official Code §§ 8-113.01 et seq.) (collectively, the “UST Act”) and the applicable D.C. Underground Storage Tank Regulations, 20 DCMR Chapter 56 (the “UST Regulations”), District’s Underground Storage Tank Disclosure Form is attached hereto as **Exhibit P**. Information pertaining to underground storage tanks and underground storage tank removals of which the D.C. Government has received notification is on file with DOEE, Underground Storage Tank Branch, 1200 First St., NE, 5th Floor, Washington, DC 20002, telephone (202) 535-2600. District’s knowledge for purposes of this Section shall mean and be limited to the actual knowledge of the Deputy Mayor for Planning and Economic Development. The foregoing is set forth pursuant to requirements contained in the UST Act and UST Regulations.

2.3.4 AS-IS. OTHER THAN THE EXPRESS REPRESENTATIONS IN SECTION 3.1, DISTRICT IS NOT MAKING AND HAS NOT AT ANY TIME MADE ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OR REPRESENTATIONS AS TO HABITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, ZONING, TAX CONSEQUENCES, LATENT OR PATENT PHYSICAL OR ENVIRONMENTAL CONDITION, UTILITIES, OPERATING HISTORY OR PROJECTIONS, VALUATION, GOVERNMENTAL APPROVALS, THE COMPLIANCE OF THE PROPERTY WITH LAWS, THE TRUTH, ACCURACY OR COMPLETENESS OF ANY DOCUMENTS OR OTHER INFORMATION PERTAINING TO THE PROPERTY, THE STATUS OF ANY LITIGATION OR OTHER MATTER, OR ANY OTHER INFORMATION PROVIDED BY OR ON BEHALF OF DISTRICT TO DEVELOPER, OR ANY OTHER MATTER OR THING REGARDING THE PROPERTY. DEVELOPER ACKNOWLEDGES AND AGREES, THAT UPON CLOSING, DISTRICT SHALL LEASE TO DEVELOPER AND DEVELOPER SHALL ACCEPT THE PROPERTY, “AS IS, WHERE IS, WITH ALL FAULTS.” FURTHER, DEVELOPMENT OF THE PROPERTY IN ACCORDANCE WITH THIS AGREEMENT AND THE CONSTRUCTION AND USE COVENANT SHALL BE “AS IS, WHERE IS, WITH ALL FAULTS.” DEVELOPER IS ADVISED THAT MOLD AND/OR OTHER MICROSCOPIC ORGANISMS MAY EXIST AT THE PROPERTY AND THAT MOLD AND/OR OTHER MICROSCOPIC ORGANISMS MAY CAUSE PHYSICAL INJURIES,



INCLUDING, WITHOUT LIMITATION, ALLERGIC REACTIONS, RESPIRATORY REACTIONS OR OTHER PROBLEMS, PARTICULARLY IN PERSONS WITH IMMUNE SYSTEM PROBLEMS, YOUNG CHILDREN AND ELDERLY PERSONS. OTHER THAN THE EXPRESS REPRESENTATIONS MADE BY DISTRICT IN SECTION 3.1, DEVELOPER HAS NOT RELIED AND WILL NOT RELY ON, AND DISTRICT IS NOT LIABLE FOR OR BOUND BY, ANY EXPRESS OR IMPLIED WARRANTIES, GUARANTIES, STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY OR RELATING THERETO MADE OR FURNISHED BY DISTRICT, ANY MANAGER OF THE PROPERTY, OR ANY AGENT REPRESENTING OR PURPORTING TO REPRESENT DISTRICT, TO WHOMEVER MADE OR GIVEN, DIRECTLY OR INDIRECTLY, ORALLY OR IN WRITING. DEVELOPER REPRESENTS TO DISTRICT THAT DEVELOPER HAS HAD THE OPPORTUNITY TO, AND/OR HAS CONDUCTED, SUCH INVESTIGATIONS OF THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AS DEVELOPER DEEMS NECESSARY TO SATISFY ITSELF AS TO THE CONDITION OF THE PROPERTY AND THE EXISTENCE OR NONEXISTENCE OR CURATIVE ACTION TO BE TAKEN WITH RESPECT TO ANY MOLD, FUNGI, VIRAL OR BACTERIAL MATTER, HAZARDOUS MATERIALS OR TOXIC SUBSTANCES ON OR DISCHARGED FROM THE PROPERTY, AND WILL RELY SOLELY UPON SAME AND NOT UPON ANY INFORMATION PROVIDED BY OR ON BEHALF OF DISTRICT OR ITS AGENTS OR EMPLOYEES WITH RESPECT THERETO. DEVELOPER SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING BUT NOT LIMITED TO, CONSTRUCTION DEFECTS AND ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS (INCLUDING MOLD, FUNGI, VIRAL OR BACTERIAL MATTER, HAZARDOUS MATERIALS, RADIOLOGICAL CONDITIONS, OR ITEMS OR TOXIC SUBSTANCES), MAY NOT HAVE BEEN REVEALED BY DEVELOPER'S INVESTIGATIONS, AND DEVELOPER SHALL BE DEEMED TO HAVE WAIVED, RELINQUISHED AND RELEASED DISTRICT FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION (INCLUDING CAUSES OF ACTION IN TORT), LOSSES, DAMAGES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING ATTORNEYS' FEES AND COURT COSTS) OF ANY AND EVERY KIND OR CHARACTER, KNOWN OR UNKNOWN, WHICH MIGHT HAVE ASSERTED OR ALLEGED AGAINST DISTRICT AT ANY TIME BY REASON OF OR ARISING OUT OF ANY LATENT OR PATENT CONSTRUCTION DEFECTS OR PHYSICAL CONDITIONS, VIOLATIONS OF ANY LAWS (INCLUDING, WITHOUT LIMITATION, ANY ENVIRONMENTAL LAWS) AND ANY AND ALL OTHER ACTS, OMISSIONS, EVENTS, CIRCUMSTANCES, OR MATTERS REGARDING THE PROPERTY. DEVELOPER AGREES THAT SHOULD ANY CLEANUP, REMEDIATION OR REMOVAL OF MOLD, FUNGI, VIRAL OR OTHER BACTERIAL MATTER, HAZARDOUS MATERIALS, OR TOXIC SUBSTANCES OR OTHER ENVIRONMENTAL CONDITIONS ON THE PROPERTY BE REQUIRED FROM AND AFTER THE CLOSING, OR EARLIER IF CAUSED BY DEVELOPER, SUCH CLEAN-UP, REMOVAL, OR REMEDIATION SHALL BE THE RESPONSIBILITY OF AND SHALL BE PERFORMED AT THE SOLE COST AND EXPENSE OF DEVELOPER. DISTRICT SHALL HAVE NO RESPONSIBILITY TO PREPARE THE PROPERTY IN ANY WAY FOR DEVELOPMENT AT ANY TIME.

2.3.5 Notwithstanding the provisions of Section 2.3.4 above, the parties acknowledge that prior to the Effective Date Developer has ordered a Condition Assessment for the Crummell School (the “**Condition Assessment**”), a copy of which is attached hereto as Exhibit V, which the District has accepted.

2.4 Title.

2.4.1 Developer hereby acknowledges that it has reviewed the title to the Property and has deemed the same acceptable, subject only to the Permitted Exceptions.

2.4.2 At Closing, District shall lease the Property subject to the Permitted Exceptions. The “**Permitted Exceptions**” shall be the following collectively: (i) all title and survey matters, encumbrances or exceptions of record as of the Effective Date, other than the License Agreement (which is not of record); (ii) encroachments, overlaps, boundary disputes, or other matters which would be disclosed by an accurate survey or an inspection of the Property as of the Effective Date; (iii) any documents described in this Agreement that are to be recorded in the Land Records pursuant to the terms of this Agreement; (iv) defects or exceptions to title to the extent such defects or exceptions are created by Developer or Developer’s Agents or created as a result of or in connection with the use of or activities on the Property or any portion thereof by Developer or Developer’s Agents; (v) all building, zoning, and other Applicable Law affecting the Property; (vi) any easements, rights-of-way, exceptions and other matters required in order to obtain necessary approvals from Governmental Authorities for both of the Projects; and (vii) any matter to which Developer has objected, District is unable or unwilling to cure, and Developer elects to proceed to Closing pursuant to Section 2.4.4.

2.4.3 From and after the Effective Date through Closing, District agrees not to take any action that would cause a material adverse change to the status of title to the Property existing as of the Effective Date, without the approval of Developer, which approval shall not be unreasonably withheld, conditioned, or delayed, except as expressly required by Applicable Law or permitted by this Agreement.

2.4.4 Developer may, at or prior to Closing, notify District in writing of any material adverse changes to the status of title to the Property or survey matters that occurred after the Effective Date as a direct result of action by (or the failure to act of) District. With respect to any objections to title or survey set forth in such notice, District shall have the right, but not the obligation, to cure such objections. Within ten (10) Business Days after receipt of Developer’s notice of objections, District shall notify Developer in writing whether District elects to attempt to cure such objections. If District fails to timely give Developer such notice of election, then District shall be deemed to have elected not to attempt to cure such matters. If District elects to attempt to cure, District shall have until the Closing Date to attempt to remove, satisfy or cure the same and for this purpose District shall be entitled to a reasonable adjournment of Closing if additional time is required, but in no event shall the adjournment exceed sixty (60) days after the scheduled Closing Date (but in no event later than the Outside Closing Date). If District elects not to cure any objections specified in Developer’s notice, or if District is unable to effect a cure prior to Closing, Developer shall have the following options: (i) to proceed to Closing and accept the ground lease of the Property subject to the Permitted Exceptions, in which event Developer shall be obligated to develop the Property in accordance with this Agreement and the

Construction and Use Covenant, or (ii) to terminate this Agreement by sending notice thereof to District, and upon delivery of such notice of termination, this Agreement shall terminate, the Deposit shall be returned to Developer and thereafter neither Party hereto shall have any further rights, obligations or liabilities hereunder except to the extent that any right, obligation or liability set forth herein expressly survives termination of this Agreement. In the event District provides notice (or is deemed to have provided such notice) to Developer that District does not intend to attempt to cure any objection, or if, having commenced to attempt to cure any objection, District later provides notice to Developer that District will be unable to effect a cure thereof, Developer shall, within five (5) Business Days after such notice has been given, provide notice to District whether Developer shall elect to accept conveyance under clause (i) or to terminate this Agreement under clause (ii). In the event Developer does not provide notice to District within such five (5) Business Day period, then Developer shall be deemed to have elected to accept the lease under clause (i).

2.5 Risk of Loss. No casualty prior to Closing to all or any portion of the existing improvements on the Property (if any) shall excuse Developer from its obligation to proceed to Closing hereunder, but neither Developer nor District shall have any obligation to rebuild or restore any existing improvements damaged by such casualty.

2.6 Condemnation.

2.6.1 Notice. If, prior to Closing, any condemnation or eminent domain proceedings shall be commenced by any other competent public authority against the Property, District shall promptly give Developer notice thereof.

2.6.2 Total Taking. In the event of a taking of the entire Property prior to Closing: (a) District shall return the Deposit to Developer, (b) this Agreement shall terminate, and the Parties shall be released from any and all rights, obligations and liabilities hereunder (unless such rights, obligations, and liabilities expressly survive termination pursuant to this Agreement), and (c) District shall have the right to receive any and all condemnation proceeds.

2.6.3 Partial Taking. In the event of a partial taking of the Property prior to Closing, District and Developer shall jointly determine in good faith whether the development of the Project remains physically and economically feasible. If the Parties reasonably determine that the Project is no longer feasible, whether physically or economically, as a result of such condemnation, this Agreement shall terminate, District will return the Deposit to Developer, the Parties shall be released from any further liability or obligation hereunder, except as expressly provided otherwise herein, and District shall have the right to collect all condemnation proceeds. If the Parties jointly determine that the Project remains economically and physically feasible, the Parties shall be deemed to have elected to proceed to Closing with respect to the portions of the Property not subject to the condemnation, and Developer shall accept the Property without any adjustment to the rent due under the Ground Lease. In no event shall District (as the seller hereunder, as opposed to as the condemning authority) have any liability or obligation to make any payment to Developer with respect to any such condemnation. In the event that within forty-five (45) days after the date of receipt by District of notice of such condemnation the Parties have not jointly determined, in accordance with the foregoing provisions, to elect to terminate or

proceed to Closing hereunder, such failure shall be deemed the Parties' election to terminate this Agreement, and the termination provisions of this Section 2.6.3 shall apply.

2.7 Service Contracts and Leases; Temporary Licensees. District will not hereafter procure or enter into any (i) service, management, maintenance, or development contracts, or (ii) lease, license, easement, or other occupancy agreements affecting the Property that will survive Closing. Notwithstanding the above, District may enter into licenses to third parties for temporary use of the Property, upon such terms as may be agreed to by District, which licenses shall (a) be terminable by District upon thirty (30) days' advance notice to such licensees and (b) be terminated by the District effective as of or prior to Closing. Such licenses shall not contain any provisions that will survive the Closing without the approval of Developer.

2.8 Tax Appeals. Prior to Closing, Developer shall have the right, at its sole cost and expense, to initiate and prosecute the appeal of the assessment of the Property for real property taxes, provided that Developer shall not exercise such right with respect to more than one (1) tax year. District, in its capacity as fee owner of the Property, shall execute such authorizations as may be required to allow the tax appeal to be filed by Developer, but shall not be required to support the basis for such tax appeal.

### **ARTICLE III REPRESENTATIONS AND WARRANTIES**

#### 3.1 Representations and Warranties of District.

3.1.1 District hereby represents and warrants to Developer as follows:

(a) District (i) has all requisite right, power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement and (ii) has taken all necessary action to authorize the execution, delivery and performance of this Agreement. This Agreement has been duly executed and delivered by District, and constitutes the legal, valid and binding obligation of District, enforceable against it in accordance with its terms. The Person signing this Agreement on behalf of District is authorized to do so.

(b) No agent, broker, or other Person acting pursuant to express or implied authority of District is entitled to any commission or finder's fee in connection with the transactions contemplated by this Agreement or will be entitled to make any claim against Developer for a commission or finder's fee. District has not dealt with any agent or broker in connection with the sale of the Property.

(c) There is no litigation, arbitration, condemnation, administrative or other similar proceeding pending, or to the current actual knowledge of District, threatened against District, which relates to the Property. There is no other litigation, arbitration, administrative proceeding, or other similar proceeding pending or to District's current actual knowledge threatened against District which, if decided adversely to District, would impair District's ability to perform its obligations under this Agreement.

(d) The execution, delivery, and performance of this Agreement by District and the consummation of the transactions contemplated hereby do not violate any of the terms, conditions or provisions of any judgment, order, injunction, decree, regulation, or ruling of any court or other Governmental Authority, or Applicable Law, to which District is subject, or any agreement or contract to which District is a party or to which it is subject.

3.1.2 Survival. The representations and warranties contained in Section 3.1.1 shall survive Closing for a period of one (1) year. District shall have no liability or obligation hereunder for any representation or warranty that becomes untrue because of reasons beyond District's control, but District shall promptly notify Developer upon learning of same.

3.2 Representations and Warranties of Developer.

3.2.1 Developer hereby covenants, represents, and warrants to District as follows:

(a) Developer is a Delaware limited liability company, duly formed and validly existing and in good standing, and has full power and authority under, the laws of Delaware and is registered and in good standing as a foreign limited liability company with the District of Columbia to conduct the business in which it is now engaged.

(b) Attached as Exhibit Q is a true, accurate and complete organizational structure chart of Developer showing the Managing Member and all other Members and their respective ownership interests in Developer. Neither Developer, Managing Member, any other Member of Developer nor any Person owning directly or indirectly any interest in Developer or any Member is a Prohibited Person.

(c) The execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by Developer and Managing Member of Developer. Upon the due execution and delivery of this Agreement by Developer, this Agreement constitutes the valid and binding obligation of Developer, enforceable in accordance with its terms.

(d) The execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated hereby do not violate any of the terms, conditions, or provisions of: (i) Developer's organizational documents, (ii) any judgment, order, injunction, decree, regulation, or ruling of any court or other Governmental Authority, or Applicable Law to which Developer or Managing Member is subject, or (iii) any agreement or contract to which Developer is a party or to which it is subject.

(e) No agent, broker, or other Person acting pursuant to express or implied authority of Developer is entitled to any commission or finder's fee in connection with the transactions contemplated by this Agreement or will be entitled to make any claim against District for a commission or finder's fee. Developer has not dealt with any agent or broker in connection with its purchase of the Property.

(f) There is no litigation, arbitration, administrative, or other similar proceeding pending or to Developer's knowledge, threatened against Developer that, if decided

adversely to Developer would (i) impair Developer's ability to enter into and perform its obligations under this Agreement or (ii) materially adversely affect the financial condition or operations of Developer.

(g) Developer's ground lease of the Ground Lease Property and its other undertakings pursuant to this Agreement are for the purpose of constructing and operating the Improvements in accordance with the Development Plan and the Approved Plans and Specifications and not for speculation in land holding.

(h) Neither Developer nor any of its Members is the subject debtor under any federal, state, or local bankruptcy or insolvency proceeding, or any other proceeding for dissolution, liquidation, or winding up of its assets.

3.2.2 Survival. The representations and warranties contained in Section 3.2.1 shall survive Closing for a period of one (1) year. Developer shall have no liability or obligation hereunder for any representation or warranty that becomes untrue because of reasons beyond Developer's control, but Developer shall promptly notify District upon learning of same.

#### ARTICLE IV

#### APPROVAL OF SCHEMATIC DRAWINGS, DESIGN DEVELOPMENT PLANS AND CONSTRUCTION PLANS AND SPECIFICATIONS AND OTHER SUBMISSIONS

##### 4.1 Schematic Drawings; Design Development Plans and Construction Plans and Specifications.

4.1.1 Developer's Submissions for both of the Projects. Developer shall submit to District for District's review and approval, the Schematic Drawings, the Design Development Plans, and the Construction Plans and Specifications for both of the Ground Lease Project and the Crummell School Project (collectively referred to as the "**Project Plans**") for the Improvements within the timeframes set forth on the Schedule of Performance. All such Project Plans shall be prepared and completed in accordance with this Agreement and the Development Plan.

4.1.2 Requirements for Project Plans. Notwithstanding anything to the contrary herein, prior to the issuance of any Permit by a Governmental Authority, Developer shall cause the applicable Project Plans applicable to such Permit to become Approved Plans and Specifications pursuant to Section 4.2. All of such Project Plans shall conform to and be consistent with Applicable Law, including the applicable zoning requirements, and shall comply with the following:

(a) The Project Plans shall be prepared or supervised by and signed by the Architect or engineer as appropriate.

(b) A structural, geotechnical, and civil engineer, as applicable, who is licensed by the District of Columbia, shall review and certify all final foundation and grading designs of the Project Plans.

(c) Upon Developer's submission of all Project Plans to District, the Architect shall certify (with standard professional language reasonably acceptable to District) that the Improvements have been designed in accordance with all Applicable Law relating to accessibility for persons with disabilities.

4.1.3 Progress Meetings. During the preparation of the Project Plans, District's staff and Developer shall hold periodic progress meetings ("**Progress Meetings**"), during which meetings Developer and designated representatives of District and other District staff shall coordinate the preparation, submission and review of the Project Plans, as well as any other pending matters involving the Project.

#### 4.2 District Review and Approval of Project Plans.

4.2.1 Generally. District shall have the right to review and approve or disapprove all or any part of each of the Project Plans, which approval shall not be unreasonably withheld, conditioned or delayed; provided such Project Plans are consistent with the Development Plan, the Concept Plans, and with the information exchanged in Progress Meetings and are in accordance with the requirements of the terms herein and Applicable Law. District review of the Project Plans shall be performed at the stages set forth in the Schedule of Performance. Any Construction Plans and Specifications approved (or any approved portions thereof) pursuant to this Section 4.2 shall be "**Approved Plans and Specifications**".

4.2.2 Time Period for District Review and Approval. District shall complete its review of each submission of Project Plans and provide a written response thereto within thirty (30) days after its receipt of the same (fifteen (15) days for review of Schematic Drawings and Design Development Plans) (the review period may be referred to herein as the "**Review Period**"). If District fails to respond with its written response to a submission of any such Project Plans within the applicable Review Period, Developer shall notify District, in writing, of District's failure to respond by delivering to District a Second Notice. Failure of District to respond within fifteen (15) Business Days after its receipt of the Second Notice for Construction Plans and Specifications (ten (10) Business Days for Schematic Drawings and for Design Development Plans) shall constitute and shall be deemed to be District approval of the applicable Project Plans.

4.2.3 Disapproval Notices. Any notice of disapproval ("**Disapproval Notice**") delivered to Developer by District shall state the basis for such disapproval in reasonably sufficient detail so as to enable Developer to respond to District. If District issues a Disapproval Notice, Developer shall have a period of time equal to the Resubmission Period to revise the applicable Project Plans to address the comments of District and shall resubmit the revised Project Plans for approval by District prior to the expiration of such Resubmission Period. District shall complete its review of such revised Project Plans and provide written response thereto within the Review Period, which Review Period shall commence the day following District's receipt of such revised applicable Project Plans from Developer. If District fails to notify Developer of its approval or disapproval of such revised Project Plans within the Review Period, Developer may provide a written Second Notice to District with respect to such revised Project Plans. Failure of District to respond within fifteen (15) Business Days after its receipt of the Second Notice shall constitute and shall be deemed to be District approval of the revised

Project Plans. The provisions of Section 4.2 relating to approval, disapproval and resubmission of any Project Plans shall continue to apply until such Project Plans (and each component thereof) have been approved by District. In no event will District's failure to respond to any submission of Project Plans be deemed an approval except as otherwise expressly set forth in this Section 4.2. Any Project Plans approved or deemed approved by the District may not be later disapproved by District unless any disapproval and revision is mutually agreed upon by the Parties. District's review of any such Project Plans that is responsive to a Disapproval Notice shall be limited to the matters disapproved by District as set forth in the Disapproval Notice, but shall not be so limited with regard to any new matters shown on such Project Plans that were not included or indicated on any prior Project Plans.

4.2.4 No Representation; No Liability. District's review and approval of the Project Plans is not and shall not be construed as a representation or other assurance that they comply with any building codes, regulations, or standards, including, without limitation, building engineering and structural design or any other Applicable Law. District shall incur no liability in connection with its review of any such Project Plans and is reviewing such Project Plans solely for the purpose of ensuring that such Project Plans are consistent with the Development Plan and in accordance with the terms of this Agreement.

4.3 Changes in Project Plans; Government Required Changes.

4.3.1 No Material Changes. Once approved, Developer may make changes to the Approved Plans and Specifications without the prior approval of, but with notice to, District, provided such changes are (a) consistent with Applicable Law and (b) not Material Changes. Such notice shall specifically identify the changes made and shall include any modifications to the Project Budget as a result of such changes. Developer shall not make any Material Changes to the Approved Plans and Specifications without District's prior written approval, except those changes required by a Governmental Authority pursuant to Section 4.3.2. If Developer desires to make any Material Changes to the Approved Plans and Specifications, Developer shall submit in writing the proposed changes to District for approval, including a written description of the Material Change and the modified Project Plans with notations highlighting such Material Change. The procedures set forth in Section 4.2 shall apply to District's review and approval (or disapproval) of any such proposed Material Changes in the same manner as if the submission of such proposed Material Change was the Submission of the original Project Plans for District's review. In the event Developer makes a Material Change to the Project Plans, but does not comply with the procedures in this Section 4.3.1, such Material Change shall be deemed disapproved, notwithstanding the inclusion of the Material Change in a subsequently submitted Project Plans receiving approval by District.

4.3.2 Government Required Changes. Notwithstanding any other provision of this Agreement to the contrary, District acknowledges and agrees that District shall not withhold its approval (if otherwise required by the terms of this Agreement) of any elements contained in the Project Plans or proposed changes to Approved Plans and Specifications that are required by any Governmental Authority; provided however, that (i) District shall have been afforded a reasonable opportunity to discuss such element of, or change in, the submission with the Governmental Authority requiring such element or change and with the Architect, (ii) the Architect shall have reasonably cooperated with District and such Governmental Authority in



seeking such reasonable modifications of the required element or change as District shall deem reasonably necessary, and (iii) such element or change is consistent with Applicable Law. Developer and District each agree to use diligent, good faith efforts to resolve District's approval of such elements or changes, and District's request for reasonable modifications to such elements or changes required by a Governmental Authority, as soon as reasonably possible and in no event later than ten (10) Business Days after the submission of the applicable Project Plans or Approved Plans and Specifications. Developer shall promptly notify District of any changes required by a Governmental Authority whether before or during construction.

#### 4.4 Project Professionals.

4.4.1 Approval of Project Professionals. Any Person that Developer proposes for any of the following shall be subject to District's approval, which approval shall not be unreasonably withheld, conditioned, or delayed: (i) the Architect; (ii) the Contractor; and (iii) any replacement of either of the foregoing. District's review of any proposed Person under this Section 4.4.1 shall be limited to whether the Person (i) reasonably has the experience and technical qualifications to provide the services required and (ii) is not a Prohibited Person.

4.4.2 Copies of Contracts. Upon District's request, Developer shall provide to District copies of the contracts with any Person required to be approved by District pursuant to the foregoing provisions of this Section 4.4.1.

4.4.3 No Prohibited Persons. No Person who is a Prohibited Person shall be engaged as contractor or a subcontractor or otherwise provide materials or services with respect to both of the Projects.

4.5 Retail Plan. Prior to Closing, Developer shall submit to District for District's review and approval, which shall not be unreasonably withheld, conditioned or delayed, a retail strategy and marketing plan for the retail component of the Improvements (the "**Retail Plan**").

4.6 Community Participation Program. No later than ninety (90) days after the Effective Date, Developer shall provide District a description of Developer's program for public involvement, education and outreach with respect to the Project (including input from the community that is impacted by the Project as it is designed, developed, constructed and operated) (the "**Community Participation Program**"), including a plan for implementing the Community Participation Program and shall include, without limitation, the organization(s) with whom Developer proposes to discuss the Project, a schedule for public meetings and the type of information that Developer proposes to submit to the public. The Community Participation Program shall include a mechanism to document all public meetings, including a narrative description of (a) the events of each meeting, (b) the concerns raised by members of the public, and (c) Developer's responses to such concerns. Developer shall submit such documentation of each public meeting to District and shall, at each Progress Meeting, otherwise include a summary of Developer's activities with respect to, and in furtherance of, the Community Participation Program at each Progress Meeting. The District shall approve the Community Participation Plan or provide necessary changes prior to its implementation by the Developer. Given the unique nature of the Project, the District shall actively engage with the Developer to effectuate the Community Participation Plan.

4.7 Construction Consultant. Prior to Closing, Developer shall appoint a construction consultant reasonably approved by District (the “**Construction Consultant**”) who shall review and report to the Parties on a monthly basis on the following matters: (a) the construction documents relating to the construction of the Improvements and the conformity of such matters to the Approved Plans and Specifications and (b) the schedule of construction and the conformity of the current construction progress with the Schedule of Performance. The Construction Consultant shall provide regular written status updates and promptly report, in writing, any issues to District and Developer. If the Construction Consultant determines there is a non-conformity with the Approved Plans and Specifications or a deviation from the Schedule of Performance, District may request Developer to propose and adopt a recovery and modification plan that is reasonably satisfactory to the Construction Consultant and District. The Construction Consultant’s time, expenses, reports, and certification shall be at Developer’s sole cost and expense. Any construction consultant engaged by the senior construction lender for supervision of construction of the Improvements may be considered the “Construction Consultant” hereunder, provided that such construction consultant is approved by District, and provided further that such construction consultant agrees in writing to undertake the duties of the Construction Consultant set forth in this Section 4.7.

4.8 Project Funding Plan; Project Budget.

4.8.1 Project Funding Plan. As of the Effective Date, Developer has provided District its initial funding plan describing the sources and uses of funds for each of the Projects and the methods for obtaining such funds (including lending sources), which plan is attached hereto as Exhibit N (such plan, as may be modified from time to time in accordance with this Agreement being the “**Project Funding Plan**”).

4.8.2 Project Budget. As of the Effective Date, Developer has provided District its initial Project Budget describing the expenditure of direct and indirect costs for each of the Projects, which shall include a cost itemization prepared by Developer specifying all “hard” and “soft” costs (direct and indirect) by item, including (i) the costs of all labor, materials, and services necessary for each of the Projects and (ii) all other expenses anticipated by Developer incident to the Projects (including, without limitation, anticipated interest on all financing, taxes and insurance costs) and the construction thereof (such budget, as may be modified from time to time in accordance with this Agreement being the “**Project Budget**”). The Project Budget shall break down costs as between the Ground Lease Project and the Crummell School Project. The Project Budget is attached hereto as Exhibit O.

4.8.3 Final Project Budget and Funding Plan. On or before the date set forth on the Schedule of Performance, Developer shall provide District with a revised Project Budget and Project Funding Plan and such supporting documentation as District may reasonably request. Developer shall further modify the Project Budget and Project Funding Plan (i) upon receipt of the commitment letters for the Equity Investment and Debt Financing and (ii) within sixty (60) days but no later than thirty (30) days prior to Closing. Upon District’s approval of the modified Project Budget and Project Funding Plan submitted pursuant to clause (ii), such modified Project Budget and Project Funding Plan shall be the “**Final Project Budget**” and “**Final Project Funding Plan**”, respectively.

4.9 Entitlements Approvals. In order to undertake the Projects in accordance with the Development Plan, Developer will need to seek the Entitlements Approvals. Developer shall use commercially reasonable efforts in good faith, utilizing industry best practices, to obtain all Entitlements Approvals as soon as practicable. Developer shall submit drafts of all applications for Entitlements Approvals to District for District's review and approval in accordance with Section 4.2. Any submissions in support of the Entitlement Approval applications shall be consistent with the Development Plan and this Agreement and any Project Plans submitted therewith shall be approved by District as Approved Plans and Specifications prior to such submission. Once approved by District, Developer shall not modify any Entitlement Applications without District's prior approval.

4.10 Subdivision. Also in order to undertake the Projects in accordance with the Development Plan, Developer will undertake to subdivide the Property into the Ground Lease Property and the Crummell School Property. Such subdivision shall, at the option of Developer, be either (i) the creation of separate assessment and taxation lots for the Ground Lease Property (which may be multiple assessment and taxation lots) and the Crummell School Property, or (ii) the creation of separate record lots for the Ground Lease Property (which may be multiple record lots and/or multiple assessment and taxation lots) and the Crummell School Property. Developer shall submit its proposed subdivision plat (the "**Subdivision Plat**") to the District for District's review and approval in accordance with Section 4.2. Any submissions in support of the subdivision plat shall be consistent with the Development Plan, the Project Plans and this Agreement.

4.11 Comprehensive Plan Amendment. In order to undertake the Project in accordance with the Development Plan, Developer has applied for an amendment to the Comprehensive Plan of the District of Columbia, requiring approval by the Council (and any other required government agency or entity) so that the Concept Plans may be achievable under the District of Columbia zoning regulations with applicable Entitlement Approvals.

4.12 Submission Deadline Extensions. If Developer is proceeding diligently and in good faith and desires to extend a specified deadline in the Schedule of Performance for any submission of Construction Plans and Specifications or Other Submissions, Developer may request such extension in writing, and, for good cause shown, District may, in its sole and absolute discretion, grant such extension by notice to Developer.

## ARTICLE V CONDITIONS TO CLOSING

### 5.1 Conditions Precedent to Developer's Obligation to Close.

5.1.1 The obligations of Developer to consummate Closing on the Closing Date shall be subject to the following conditions precedent:

(a) the representations and warranties made by District in Section 3.1.1 of this Agreement shall be true and correct in all material respects on and as if made on the Closing Date;

(b) District shall have performed all of its material obligations and observed and complied with all material covenants and conditions required at or prior to Closing under this Agreement;

(c) this Agreement shall not have been previously terminated pursuant to any provision hereof;

(d) District shall have delivered (or caused to be delivered) the original, executed documents required to be delivered pursuant to Section 6.2.1 herein;

(e) as of the Closing Date, there shall be no rezoning or other statute, law, judicial, or administrative decision, ordinance, or regulation (including amendments and modifications of any of the foregoing) by any Governmental Authorities or any public or private utility having jurisdiction over the Property that would materially adversely affect the acquisition, development, sale, or use of the Property such that the Projects are no longer physically or economically feasible (this provision shall not apply to any normal and customary reassessment of the Property for ad valorem real estate tax purposes);

(f) title to the Property shall be subject only to the Permitted Exceptions;

(g) the License Agreement shall have expired pursuant to its terms or been earlier terminated;

(h) the Comprehensive Plan Amendment shall have been approved by the Council; and

(i) District's authority, pursuant to the Act, to proceed with the disposition, as contemplated in this Agreement, shall not have previously expired.

5.1.2 Failure of Condition. If all of the conditions to Closing set forth above in Section 5.1.1 have not been satisfied by the Closing Date, provided the same is not the result of Developer's failure to perform any obligation of Developer hereunder, Developer shall have the option, in its sole discretion, to: (i) waive such condition(s) and proceed to Closing hereunder; (ii) terminate this Agreement by delivering notice of such termination to District, whereby District will release the Deposit to Developer and the Parties shall be released from any further liability or obligation hereunder except those that expressly survive termination of this Agreement; or (iii) delay Closing for up to sixty (60) days (or such longer time as may be agreed to by the Parties) to permit District to satisfy the conditions to Closing set forth in Section 5.1.1. In the event Developer proceeds under clause (iii), Closing shall occur within sixty (60) days after the conditions precedent set forth in Section 5.1.1 have been satisfied, but in no event later than the Outside Closing Date. If such conditions precedent have not been satisfied by the end of the sixty (60) day period, provided the same is not the result of Developer's failure to perform any obligation of Developer hereunder, Developer may again proceed under clause (i), (ii), or (iii) above, in its sole discretion. The foregoing notwithstanding, Closing shall not occur after the Outside Closing Date. If Closing has not occurred by the Outside Closing Date because all of the conditions to Closing set forth above in Section 5.1.2 have not been satisfied, this Agreement shall immediately terminate and be of no further force and effect, except for those provisions that

expressly survive termination of this Agreement, and District shall release the Deposit to Developer. Notwithstanding anything set forth above to the contrary, if any such failed condition precedent is a result of a District Default, then Developer may exercise its remedies in Section 9.3.

5.2 Conditions Precedent to District's Obligation to Close.

5.2.1 The obligation of District to convey the Property and consummate Closing on the Closing Date shall be subject to the following conditions precedent:

(a) Developer shall have performed all of its material obligations hereunder and observed and complied with all material covenants and conditions required at or prior to Closing under this Agreement;

(b) the representations and warranties made by Developer in Section 3.2.1 of this Agreement shall be true and correct in all material respects on and as if made on the Closing Date;

(c) this Agreement shall not have been previously terminated pursuant to any other provision hereof;

(d) District's authority, pursuant to the Act, to proceed with the disposition, as contemplated in this Agreement, shall have not previously expired;

(e) the Construction Plans and Specifications for the Projects shall have been approved as Approved Plans and Specifications in their entirety pursuant to Article IV;

(f) all Submissions required to be submitted prior to Closing shall have been approved by District in their entirety;

(g) Developer shall have certified to District in writing that it is ready, willing, and able in accordance with the terms and conditions of this Agreement to lease the Property and achieve Commencement of Construction on or before the date set forth in the Schedule of Performance;

(h) Developer shall be in compliance with the terms of the First Source Agreement;

(i) Developer shall be in compliance with the terms of the CBE Agreement;

(j) Developer shall have obtained all Entitlement Approvals necessary to complete the Projects, together with the approval by the Council of the Comprehensive Plan Amendment and shall have delivered copies of such approvals to District;

(k) Developer shall have obtained, and furnished to District certificates of insurance or duplicate originals of insurance policies, for the insurance coverage required under the Construction and Use Covenant and Ground Lease;

(l) Developer shall have provided District with satisfactory evidence of its authority to lease the Property and to perform its obligations under this Agreement and the Construction and Use Covenant;

(m) Developer shall have obtained all Permits for demolition (if any), excavation, sheeting and shoring, and the building permits for construction of both of the Projects, except for those Permits which are normally obtained during the course of construction of the Improvements, such as Permits for elevators and landscaping, and shall have delivered the copies of the same to District;

(n) Developer shall have delivered (or caused to be delivered) the original, executed documents required to be delivered pursuant to Section 6.2.2 herein;

(o) Developer shall have delivered to District the documents required under Section 10.2 and District shall have approved the Financing Commitments;

(p) District shall have approved the Final Project Funding Plan and the Final Project Budget, and there shall have been no changes to the same, except to the extent such changes have been approved by District;

(q) Developer shall have executed a Construction Contract or Contracts for the Projects;

(r) Developer shall have retained the Construction Consultant and District shall have approved the same in accordance with Section 4.7;

(s) Developer shall have provided to District updated Guarantor Submissions and District shall have confirmed that no material adverse change has occurred in the financial condition of any Guarantor, determined in accordance with the provisions of Section 4.5 or, if a material adverse change has occurred, District has approved a substitute guarantor pursuant to Section 4.5; and

(t) Developer shall have delivered the Bonds pursuant Section 8.3.

5.2.2 Failure of Condition. If all of the conditions to Closing set forth above in Section 5.2.1 have not been satisfied by the Closing Date, provided the same is not the result of District's failure to perform any obligation of District hereunder, District shall have the option, in its sole discretion, by notice to Developer, to: (i) waive such condition(s) and proceed to Closing hereunder; (ii) terminate this Agreement by delivering notice of such termination to Developer whereby the Deposit shall be retained by District and the Parties shall be released from any further liability or obligation hereunder except those that expressly survive termination of this Agreement; or (iii) delay Closing for up to sixty (60) days (or such longer period as may be agreed to by the Parties), to permit Developer to satisfy the conditions to Closing set forth in Section 5.2.1. In the event District proceeds under clause (iii), Closing shall occur within sixty

(60) days after the conditions precedent set forth in Section 5.2.1 have been satisfied but in no event later than the Outside Closing Date. If such conditions precedent have not been satisfied by the end of the sixty (60) day period, provided the same is not the result of District's failure to perform any obligation of District hereunder, District may again proceed under clause (i), (ii), or (iii) above, in its sole discretion. The foregoing notwithstanding, Closing shall not occur after the Outside Closing Date. If Closing has not occurred by the Outside Closing Date, this Agreement shall immediately terminate and be of no further force and effect, except for those provisions that expressly survive termination of this Agreement. Notwithstanding anything set forth above to the contrary, if any such failed condition precedent is result of a Developer Default, then District may exercise its remedies in Section 8.2.

## ARTICLE VI CLOSING

6.1 Closing Date and Outside Closing Date. Developer and District shall consummate Closing upon satisfaction (or waiver by the Party entitled to waive the same) of all conditions to Closing, on the Closing Date shown on the Schedule of Performance, or on such date the parties may mutually agree (the "**Closing Date**"). In no event shall the Closing be held after **THE EXPIRATION OF THE DISTRICT'S DISPOSITION AUTHORITY UNDER THE ACT** (the "**Outside Closing Date**"). Closing shall occur at 10:00 a.m. at the offices of District or another location in the District of Columbia acceptable to the Parties.

### 6.2 Deliveries at Closing.

6.2.1 District's Deliveries. On or before the Closing Date, subject to the terms and conditions of this Agreement, District shall execute, notarize, as applicable, and deliver to Settlement Agent:

(a) The Ground Lease, and the Memorandum of Ground Lease in recordable form to be recorded in the Land Records against the Property;

(b) the Construction and Use Covenant in recordable form to be recorded in the Land Records against the Property;

(c) the Affordable Housing Covenant in recordable form to be recorded in the Land Records against the Ground Lease Property only;

(d) the Operations and Maintenance Agreement relating to the Crummell School Property only;

(e) a certificate, duly executed by District, stating that all of District's representations and warranties set forth herein are true and correct as of and as if made on the Closing Date; and

(f) any and all other deliveries required from District on the Closing Date under this Agreement and such other documents and instruments as are customary and as

may be reasonably requested by Developer or Settlement Agent, and reasonably acceptable to District, to effectuate the transactions contemplated by this Agreement.

6.2.2 Developer's Deliveries. On or before the Closing Date, subject to the terms and conditions of this Agreement, Developer shall execute, notarize, as applicable, and deliver to Settlement Agent:

(a) the rent due under the Ground Lease and any additional funds, if so required by the Settlement Statement to be delivered at Closing;

(b) the Ground Lease and the Memorandum of Ground Lease in recordable form to be recorded in the Land Records against the Property;

(c) the Operations and Maintenance Agreement relating to the Crummell School Project only;

(d) the Construction and Use Covenant in recordable form to be recorded in the Land Records against the Ground Lease Property only;

(e) the Affordable Housing Covenant in recordable form to be recorded in the Land Records against the Ground Lease Property only;

(f) the fully executed Guaranty for the Projects;

(g) the Financing Documents and any other documents required to close on the Debt Financing and Equity Investment for the Projects;

(h) a certificate, duly executed by Developer, stating that all of Developer's representations and warranties set forth herein are true and correct as of and as if made on the Closing Date;

(i) a certificate, duly executed by Developer stating that (i) there is no default, or event which with the passage of time or giving of notice or both would become a default, by any party under the Financing Documents and (ii) the terms of the Financing Documents are consistent with the terms of the Financing Commitments approved by District;

(j) the following documents evidencing the due organization and authority of Developer and Managing Member to enter into, join and consummate this Agreement and the transactions contemplated herein:

(i) organizational documents and a current certificate of good standing for Developer issued by the District of Columbia;

(ii) authorizing resolutions, in form and content reasonably satisfactory to District, demonstrating the authority of the entity and of the Person executing each document on behalf of Developer and Managing Member in connection with this Agreement and the Projects; and



(iii) if requested by District, an opinion of Developer's counsel that Developer and Managing Member are validly organized, existing and in good standing in the District of Columbia, that Developer and Managing Member have the full authority and legal right to carry out the terms of this Agreement and the documents to be recorded in the Land Records, that Developer and Managing Member have taken all actions to authorize the execution, delivery, and performance of said documents and any other document relating thereto in accordance with their respective terms, that none of the aforesaid actions, undertakings, or agreements violate any restriction, term, condition, or provision of the organizational documents of Developer or Managing Member or, to counsel's actual knowledge, any contract or agreement to which they are a party or by which they are bound; provided, however, that if a separate opinion is provided by Developer's counsel to an Institutional Lender covering such matters, that Developer may satisfy the requirements of this clause (iii) by delivering a counsel letter to District stating that District shall be entitled to rely on the legal opinion provided to the Institutional Lender; and

(k) any and all other deliveries required from Developer on the Closing Date under this Agreement and such other documents and instruments as are customary and as may be reasonably requested by District or Settlement Agent, and reasonably acceptable to Developer, to effectuate the transactions contemplated by this Agreement.

6.2.3 On the Closing Date, Settlement Agent shall record and distribute documents and funds in accordance with closing instructions provided by the Parties so long as they are consistent with this Agreement.

### 6.3 Recordation of Closing Documents; Closing Costs.

6.3.1 At Closing, Settlement Agent shall file for recordation among the Land Records the Memorandum of Ground Lease, the Affordable Housing Covenant, and the Construction and Use Covenant. Such documents shall be recorded prior to any security instruments to be recorded in connection with the Debt Financing.

6.3.2 At Closing, Developer shall be responsible for and pay all costs pertaining to the transfer of the Property and financing of the Projects, including, without limitation: (i) title search costs, (ii) title insurance premiums and endorsement charges, (iii) survey costs, (iv) all recordation and transfer taxes, and (v) all of Settlement Agent's fees and costs.

6.3.3 All real estate and personal property taxes and all utilities and other operating expenses, if any, applicable to the Property shall be prorated between District and Developer as of the Closing Date based on estimates of the amounts that will be due and payable on the next payment date, unless final readings or invoices therefor as of the Closing Date shall have been obtained, in which event such final readings shall be utilized as the basis for adjustment. All items to be apportioned and adjusted pursuant to this Section 6.3.3 shall be prorated as of midnight of the day immediately preceding the Closing Date, based on the actual number of days of the month which shall have elapsed as of the Closing Date and the actual number of days in the month and a three hundred sixty-five (365) day year.

**ARTICLE VII**  
**DEVELOPMENT OF PROPERTY AND CONSTRUCTION OF IMPROVEMENTS FOR**  
**GROUND LEASE PROJECT AND CRUMMELL SCHOOL PROJECT; AFFORDABLE**  
**HOUSING REQUIREMENT; OPERATION AND MAINTENANCE OF CRUMMELL**  
**SCHOOL PROJECT**

7.1 Obligation to Construct Improvements. Developer hereby agrees to develop, construct, use, maintain, and operate the Improvements constituting the Ground Lease Project and the Crummell School Project in accordance with the requirements contained in the Construction and Use Covenant and the Schedule of Performance, and as further described in the Development Plan as set forth in Exhibit S, subject only to Force Majeure and delays caused by the District's failure to perform its obligations under this Agreement. Developer's failure to perform its obligations in accordance with the Schedule of Performance (after notice and cure as provided in Section 9.1.1(b)) shall constitute a Developer Default, and the Parties' rights and obligations in such event shall be governed by Article IX. Developer shall construct all such Improvements in accordance with the Approved Plans and Specifications and in compliance with all Permits, Approvals and Applicable Law and applicable rules and regulations, insofar as applicable to the construction of the Projects. All costs of the Projects, including all due diligence, predevelopment and soft costs, shall be borne solely by Developer.

7.2 Approvals. Developer shall obtain all necessary Approvals to construct the Improvements. Any application for an Approval, or modifications to existing Approvals, shall be prepared and filed by Developer on behalf of District as the owner of the Property. All applications for Approvals shall be subject to prior approval by District. Developer shall submit a copy of the proposed application to District for its review and approval prior to submission of the application. District shall have thirty (30) days to review and comment on the application. District shall cooperate, at no cost to District, with Developer in connection with all such applications approved by District and shall join such applications (as fee owner of the Property) as reasonably requested by Developer.

7.3 Issuance of Permits. Developer shall have the sole responsibility for obtaining all Permits and shall make application therefor directly to the applicable Governmental Authority. District shall, upon request by Developer, execute applications (as fee owner of the Property) for such Permits, at no cost, expense, obligation, or liability to District. In no event shall Developer commence site work or construction of all or any portion of the Improvements until Developer shall have obtained all Permits for the work in question. Developer shall submit its application for Permits within a period of time that Developer believes in good faith is reasonably sufficient to allow issuance of such Permits prior to the Closing Date. From and after the date of Developer's submission of an application for a Permit, Developer shall diligently prosecute such application until receipt. In addition, from and after submission of any such application until issuance of the Permit, Developer shall report Permit status in writing on a periodic basis to District, not more frequently than once every thirty (30) days.

7.4 Site Preparation. Developer, at its sole cost and expense, shall be responsible for all preparation of the Property for development and construction in accordance with the

Development Plan and Approved Plans and Specifications, including costs associated with excavation, construction of the Improvements, utility relocation and abandonment, relocation and rearrangement of water and sewer lines and hook-ups, and construction or repair of alley ways on the Property and abutting public property necessary for the Projects. All such work, including but not limited to, excavation, backfill, and upgrading of the lighting and drainage, shall be performed under all required Permits and Approvals and in accordance with Applicable Law.

7.5 Affordable Housing Requirement. Developer will comply with all affordable housing requirements of D.C. Official Code §10-801 and requirements of District of Columbia's Inclusionary Zoning program with respect to the Ground Lease Project. As of the Effective Date, Developer has delivered to District, and District has approved, the Affordable Housing Plan governing the requirements for the Affordable Units in the Ground Lease Project, including specific affordability levels, tenure type, unit mix, bedroom size breakdowns and formula for the rents of the Affordable Units. Floor plans depicting the Affordable Units for the Property shall also be presented to District for review and approval prior to Closing. At Closing, Developer shall execute the Affordable Housing Covenant relating to the Ground Lease Project, which shall reflect the Affordable Housing Plan and shall provide, amongst other things, that no less than thirty percent (30%) of the residential units in the Ground Lease Project shall be set aside as Affordable Units.

7.6 Opportunity for CBEs. Developer shall comply with the terms and conditions set forth in the CBE Agreement.

7.7 Employment of District Residents; First Source Agreement. Pursuant to D.C. Official Code § 10-801(b)(7), the Workforce Intermediary Establishment and Reform of the First Source Amendment Act of 2011 (D.C. Law 19-84, D.C. Official Code §§ 2-219.01 *et seq.*) and the rules and regulations promulgated thereunder, and Mayor's Order 83-265, Developer has entered into a First Source Agreement with DOES that shall, among other things, require Developer to: (i) hire, and require its architects, engineers, consultants, contractors, and subcontractors to hire, at least fifty-one percent (51%) District of Columbia residents for all new jobs created by the Projects, all in accordance with such First Source Employment Agreement and (ii) ensure that at least fifty-one percent (51%) of apprentices and trainees employed are residents of the District of Columbia and are registered in apprenticeship programs approved by the DC Apprenticeship Council as required under D.C. Official Code §§ 32-1401 *et seq.*

7.8 Davis Bacon Act; Living Wage Act. If and to the extent applicable, Developer shall, and shall cause the Contractor to, comply with the provisions of the Davis-Bacon Act, 40 U.S.C. §§ 3141 *et seq.*, and the regulations promulgated therewith. In addition, as required under D.C. Official Code § 2-220.06, Developer shall, and shall cause the Contractor to, to comply with all requirements under the Living Wage Act of 2006, D.C. Official Code §§ 2-220.01 *et seq.*, as amended. To the extent applicable, the Contractor shall notify all subcontractors of the requirements under the Davis-Bacon Act and the Living Wage Act and shall post the notice required thereunder in a conspicuous site at its place of business.

7.9 Green Building Act. Developer shall construct the Improvements in accordance with the Green Building Act of 2006, D.C. Official Code §§ 6-1451.01 *et seq.*, as amended, and the regulations promulgated therewith.

7.10 Operations and Maintenance of Crummell School. At Closing, Developer and District shall enter into the Operations and Maintenance Agreement providing for the operations and maintenance of the Projects in the form attached hereto as **Exhibit U**.

7.11 Interim Uses of Ground Lease Property. Developer and District shall in good faith negotiate a program for interim use of the Ground Lease Property (and possibly also the Crummell School Property) by local neighborhood organizations, and uses which will benefit the Ivy City neighborhood, pursuant to an agreement approved by District, covering the period of time before construction can begin on the Projects (the “**Interim Uses**”). Such Interim Uses may include neighborhood recreational activities, weekend fairs and/or other events and activities for community and District residents, off-site parking for specified areas which are related to such on-site uses, and also agreements between Developer, DMPED and the District Department of General Services relating to Interim Uses (the “**Interim Uses Agreement**”). The terms of the Interim Uses Agreement shall be subject to the terms of the License Agreement, as applicable.

## **ARTICLE VIII POST-CLOSING GUARANTIES OF PERFORMANCE**

### **8.1 Development and Completion Guaranty.**

8.1.1 Delivery at Closing. Developer shall deliver to District on, as a condition of Closing, a Guaranty executed by Guarantor.

8.1.2 Approval of Guarantor. The Guaranty shall be from one or more Persons approved by District in District’s sole and absolute discretion, which approval shall include District’s determination as to whether such Person has sufficient net worth and liquidity to satisfy its obligations under the Guaranty, taking into account all relevant factors, including, without limitation, such Person’s obligations under other guaranties and the other contingent obligations of such Person. In no event shall a Guarantor be a Prohibited Person. Notwithstanding the above, any Person that is approved as a guarantor by an Institutional Lender providing Debt Financing for the Crummell School Project shall be deemed approved by District as Guarantor for the Crummell School Project, provided that such Person has sufficient net worth and liquidity to both satisfy its obligations under the Guaranty and to guarantee no less than one hundred percent (100%) of the Project Budget for the Crummell School Project.

8.1.3 Guarantor Submissions. In order for District to approve a Person as a Guarantor under Section 8.1.2, Developer shall deliver or cause the Person to deliver to District the Guarantor Submissions. Developer shall submit to District updated Guarantor Submissions (a) at any time upon District’s request and (b) no later than thirty (30) days prior to Closing.

8.1.4 Material Adverse Change in Financial Condition of Guarantor. In the event District determines, in its sole and absolute discretion, that a material adverse change in the financial condition of the Guarantor has occurred that impacts, or could threaten to impact, the Guarantor's ability to perform under the Guaranty, Developer shall, within thirty (30) Business Days after notice from District, identify a proposed substitute guarantor and request District's approval of the same, which request shall include delivery of the Guarantor Submissions for such proposed substitute guarantor.

8.2 Replacement Guarantor. Once Substantial Completion of both Projects has occurred, Developer may substitute a replacement Guarantor, which replacement Guarantor may be a person or entity approved by the Institutional Lender providing construction financing for the Projects.

8.3 Payment and Performance Bonds. Prior to Closing, Developer shall obtain, or require its Contractor or Contractors to obtain, and deliver to District payment and performance bonds with respect to the work to be performed under the Construction Contract or Contracts. The payment and performance bonds (the "**Bonds**") shall (a) be issued by one or more surety companies that are admitted as bonding carriers listed on the then-most current version of U.S. Treasury Circular 570 or any replacement or substitute U.S. government listing, have an A.M. Best's rating of at least A-:VIII or better and are duly licensed and authorized to conduct and transact surety business in the District of Columbia by the Commissioner of the D.C. Department of Insurance, Securities and Banking, (b) be on a form consistent with AIA Document 312 or another form that provides substantially equivalent protection to the owner, with such changes as District may reasonably request, (c) name District as a beneficiary, and (d) be in the amount equal to the total price of the Construction Contract or Contracts.

## ARTICLE IX DEFAULTS AND REMEDIES

### 9.1 Default.

9.1.1 Default by Developer. Developer shall be in default under this Agreement if (each, a "**Developer Default**"):

(a) any of Developer's representations and warranties under Section 3.2.1 is not true and correct as of the Effective Date or as of the Closing Date;

(b) Developer fails to achieve a milestone on the Schedule of Performance by the outside date therefor (other than as a result of Force Majeure or delays caused by the District's unreasonable failure to perform its obligations under this Agreement), and such failure shall continue for a period of ten (10) days after notice from District;

(c) Developer shall (i) admit in writing in a legal proceeding its inability to pay its debts as they mature, (ii) file a voluntary petition in bankruptcy or insolvency or for reorganization under the United States Bankruptcy Code, (iii) be adjudicated bankrupt or insolvent by any court, (iv) be the subject of involuntary proceedings under the United States

Bankruptcy Code, or the appointment of a receiver or trustee for all or substantially all of its property and such proceedings shall not be dismissed or stayed, or the receivership or trusteeship vacated, within one hundred twenty (120) days, or (v) make a general assignment for the benefit of creditors;

(d) Developer becomes a Prohibited Person and such breach is not cured within thirty (30) days after notice from District; or

(e) Developer fails to perform any obligation or requirement under this Agreement or fails to comply with any term or provision of this Agreement that is not specified under (a) – (d) above, and such default remains uncured for thirty (30) days after notice from District (except as provided in Section 5.1.2, no notice shall be necessary nor shall any cure period apply to Developer’s obligation to close on its acquisition of the Property by the Outside Closing Date, time being of the essence), or if such a default does not involve the payment of money and cannot reasonably be cured within thirty (30) days, Developer shall have such additional time as is reasonably necessary, not to exceed an additional sixty (60) days, to cure such default, provided that Developer commences the cure within the initial thirty (30) day period and diligently pursues completion of such cure thereafter.

9.1.2 Default by District. District shall be in default under this Agreement if District fails to perform any obligation or requirement under this Agreement or fails to comply with any term or provision of this Agreement and such default remains uncured for thirty (30) days after receipt of notice of such failure from Developer (any such default that remains uncured after all notice and cure periods have expired, a “**District Default**”). Notwithstanding the foregoing, if a default cannot reasonably be cured within thirty (30) days, District shall have such additional time as is reasonably necessary, not to exceed an additional sixty (60) days, to cure such default; provided, however, District must commence the cure within the initial thirty (30) day period and diligently pursue completion of such cure thereafter.

9.2 District Remedies in the Event of a Developer Default. In the event of a Developer Default under this Agreement, District may elect to:

(a) terminate this Agreement and, as liquidated damages, draw on the Deposit in the full amount, whereupon the Parties shall be released from any further liability or obligation hereunder, except those that expressly survive termination of this Agreement. Upon such termination, the Development Work Product shall be automatically assigned to District in accordance with Section 9.6;

(b) cure any Developer Default at Developer’s sole cost and expense, whereupon District shall be entitled to draw on the Deposit for reimbursement of such costs, in addition to pursuing any other legal remedies;

(c) pursue specific performance; and/or

(d) pursue any other legal or equitable relief.

9.3 Developer Remedies in the Event of a District Default. In the event of a District Default prior to Closing, Developer may elect to:

(a) extend the Closing Date for a reasonable period of time to allow District to cure the District Default, not to exceed the Outside Closing Date;

(b) terminate this Agreement, whereupon District shall return the Deposit to Developer and the Parties shall be released from any further liability or obligation hereunder, except those that expressly survive termination of this Agreement; or

(c) pursue specific performance or other injunctive relief.

9.4 Limitation on Remedies; Cure Periods. The remedies of Developer and District provided herein shall be the sole and exclusive remedies of the Parties in the event of a District Default or Developer Default hereunder. In no event shall either Party be liable for any consequential, punitive or special damages. Notwithstanding anything to the contrary contained in this Agreement, any cure period provided to District or Developer under this Article IX shall not delay Closing beyond, and shall automatically expire on, the Outside Closing Date.

9.5 No Waiver By Delay; Waiver. Notwithstanding anything to the contrary contained herein, any delay by any Party in instituting or prosecuting any actions or proceedings with respect to a default by the other hereunder or otherwise asserting its rights or pursuing its remedies under this Article, shall not operate as a waiver of such rights or to deprive such Party of or limit such rights in any way (it being the intent of this provision that neither Party shall be constrained by waiver, laches, or otherwise in the exercise of such remedies). Any waiver by either Party hereto must be made in writing. Any waiver in fact made with respect to any specific default under this Section shall not be considered or treated as a waiver with respect to any other defaults or with respect to the particular default except to the extent specifically waived in writing.

9.6 Assignment of Work Product. Upon termination of this Agreement pursuant to Section 9.2(a), Developer shall assign to District all of Developer's assignable right, title and interest in and to all plans, drawings, specifications, engineering studies, investigations, reports, Approvals and Permits in connection with the Projects (collectively, the "**Development Work Product**") at Developer's sole cost and expense, without any representation or warranty of Developer. Developer shall cause all professional contracts for Development Work Product to expressly provide that Developer shall have the right to so assign (or failing that, to license) the Development Work Product to District and that, from and after the effective date of such assignment (or license), District shall have the right to use such Development Work Product and rely thereon to the same extent as Developer. Upon termination of this Agreement pursuant to Section 9.2(a), if requested by District, Developer shall execute such assignments as District may request to perfect such assignment. Developer hereby indemnifies, defends and holds harmless District from and against any and all third party costs, claims or liabilities, caused by the failure of Developer to pay when due third parties for any Development Work Product ordered prior to the date of termination of this Agreement. Developer's obligations pursuant to this Section 9.6 shall survive termination of this Agreement.

9.7 Attorneys' Fees. In the event District prevails in any legal action or proceeding to enforce the terms of this Agreement, District shall be entitled to recover from Developer the reasonable attorneys' fees and costs incurred by District in such action or proceeding. In the

event District is represented by the Office of the Attorney General for the District, reasonable attorneys' fees shall be calculated based on the then-applicable hourly rates established in the most-current Adjusted Laffey Matrix prepared by the Civil Division of the United States Attorney's Office for the District of Columbia and the number of hours employees of the Office of the Attorney General for the District of Columbia prepared for or participated in any such litigation.

9.8 Rights and Remedies Cumulative. The rights and remedies of the Parties under this Agreement shall be cumulative, and the exercise by a Party of any one or more of such remedies shall not preclude the exercise of any other remedies for the same such default or breach.

## ARTICLE X CONSTRUCTION FINANCING

### 10.1 Limitations on Encumbrances.

10.1.1 No Encumbrances. Except as otherwise provided in the Ground Lease, beginning at Closing, Developer shall not obtain any Debt Financing or engage in any other transaction that shall create a Mortgage or other encumbrance or lien upon the Developer's leasehold interest in the Property, whether by express agreement or operation of law, or suffer any encumbrance or lien to be made on or attached to the Developer's leasehold interest in the Property, without the prior written approval of District, in its sole and absolute discretion.

10.1.2 Bona Fide Indebtedness. The Debt Financing obtained in connection with Closing and construction of the Improvements shall (i) secure a bona fide indebtedness to an Institutional Lender, the proceeds of which shall be applied only to the costs identified in the Final Project Budget and (ii) be of an amount which, together with all other funds available to Developer, shall be sufficient to complete construction of the Improvements. Until the issuance of a Certificate of Final Completion by the District, in no event shall the proceeds of any Debt Financing or Mortgage be used to fund the acquisition, development, construction, operation, or any other costs relating to any real property, personal property or business operation other than the Projects.

10.2 Submissions. At least thirty (30) days prior to Closing, Developer shall submit to District, for the purpose of obtaining District's approval of any Debt Financing or Equity Investment, such documents as District may reasonably request, including, but not limited to, copies of:

(a) the Financing Commitments, certified by Developer to be a true and correct copy thereof;

(b) the proposed agreements evidencing the commitment to provide the Equity Investment for the Projects; and

(c) a statement detailing the projected disbursement of the proceeds of the proposed Debt Financing and Equity Investment, certified by Developer to be true and accurate.



**ARTICLE XI  
ASSIGNMENT AND TRANSFER**

11.1 Assignment. Prior to Closing, Developer represents, warrants, covenants, and agrees, for itself and its successors and assigns, that Developer (or any successor in interest thereof) shall not assign its rights under this Agreement, or delegate its obligations under this Agreement, except to an entity that is Controlled by the Managing Member (provided such transferee is not a Prohibited Person), without District's prior written approval, which may be granted or denied in District's sole and absolute discretion. After Closing, Developer may assign or transfer the Developer's leasehold interest in the Property in accordance with the Ground Lease, but in any event assignment or transfer shall not be permitted prior to the District's issuance of a Certificate of Final Completion except transfers pursuant to foreclosure or other exercise of remedies by lenders.

11.2 Transfer of Membership Interests. Prior to Closing, neither Developer nor any Member of Developer (including any successors in interest of Developer or its Members) shall cause or suffer to be made any assignment, sale, conveyance or other transfer, or make any contract or agreement to do any of the same, whether directly or indirectly, of the membership interests of Developer, unless following such transfer Developer remains Controlled by Managing Member, without District's prior written approval, which may be granted or denied in District's sole and absolute discretion; provided, however, no membership interest shall be held by a Prohibited Person ("**Transfer of Membership Interests**"). After Closing, no Transfer of Membership Interests shall be permitted prior to "Stabilization" of the Projects (as such term is defined in the Construction Covenant) and the issuance of a Certificate of Final Completion by the District in accordance with the Construction Covenant; provided, however, that Developer may conduct a Transfer of Membership Interests at any time: (i) in accordance with the Construction and Use Covenant, (ii) to accommodate low income housing financing requirements, or (iii) otherwise as permitted by the terms of the Ground Lease.

11.3 No Unreasonable Restraint. Developer hereby acknowledges and agrees that the restrictions on transfers set forth in this Article do not constitute an unreasonable restraint on Developer's right to transfer or otherwise alienate the Property or its rights under this Agreement. Developer hereby waives any and all claims, challenges, and objections that may exist with respect to the enforceability of such restrictions, including any claim that such restrictions constitute an unreasonable restraint on alienation.

**ARTICLE XII  
INSURANCE OBLIGATIONS; INDEMNIFICATION**

12.1 Insurance Obligations.

12.1.1 Insurance Coverage. During the periods identified below, and in addition to any insurance policies required under the terms of the Construction and Use Covenant and the Ground Lease, Developer shall carry and maintain in full force and effect the following insurance policies:

## COUNCIL SUBMISSION DRAFT 101717

(a) **Commercial General Liability Insurance.** At all times after the Effective Date of this Agreement until such time as all obligations of Developer hereunder have been satisfied or have expired, Developer shall maintain commercial general liability insurance policies written with five million dollars (\$5,000,000) per occurrence limits, ten million dollars (\$10,000,000) in the aggregate for Bodily Injury and Property Damage including, but not limited to: premises-operations; broad form property damage; Products and Completed Operations; Personal and Advertising Injury; contractual liability and independent contractors.

(b) **Automobile Liability Insurance.** At all times after the Effective Date of this Agreement until such time as all obligations of Developer hereunder have been satisfied or have expired, Developer shall maintain and/or cause its Contractor to maintain automobile liability insurance to cover all owned, hired or non-owned motor vehicles used in conjunction with the performance of this contract. The policy shall provide a one million dollar (\$1,000,000) per occurrence combined single limit for bodily injury and property damage.

(c) **Workers' Compensation Insurance.** At all times after the Effective Date of this Agreement until such time as all obligations of Developer hereunder have been satisfied or have expired, Developer shall maintain and/or cause its Contractor and any subcontractors to maintain workers' compensation insurance in such amounts as required by Applicable Law.

(d) **Employer's Liability Insurance.** At all times after the Effective Date of this Agreement until such time as all obligations of Developer hereunder have been satisfied or have expired, Developer shall maintain and/or cause its Contractor and any subcontractors to maintain employer's liability insurance as follows: one million dollar (\$1,000,000) per accident for injury; one million dollar (\$1,000,000) per employee for disease; and one million dollar (\$1,000,000) for policy disease limit.

(e) **Professional Liability Insurance (Errors & Omissions).** During the development of the Improvements, Developer shall cause Architect and every engineer or other professional who will perform services in connection with the Projects to maintain professional liability insurance with limits of not less than two million dollars (\$2,000,000.00) for each occurrence, including coverage for injury or damage arising out of acts or omissions with respect to all design and engineering professional services provided by the architect of record, and structural, electrical and mechanical engineers, with a deductible acceptable to District.

(f) **Contractor's Pollution Legal Liability Insurance.** At all times after the Effective Date of this Agreement until such time as all obligations of Developer hereunder have been satisfied or have expired, Developer shall not remove, store, transport, or dispose of demolition debris, hazardous waste or contaminated soil, without first obtaining (or causing its contractor to obtain) a Contractor's Pollution Legal Liability Insurance policy covering Developer's liability during such activities. The policy shall include such coverage for bodily injury, personal injury, loss of, damage to, or loss of use of property, directly or indirectly arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquid or gas, waste materials, or other irritants, contaminants, or pollutants into or upon the land, the atmosphere, or any water course or body of water, whether it be gradual or sudden and accidental.

(g) **Umbrella or Excess Liability Insurance.** At all times after the Effective Date of this Agreement until such time as all obligations of Developer hereunder have been satisfied or have expired, Developer shall provide umbrella or excess liability in the amount of twenty million dollars (\$20,000,000) per occurrence on a follow form basis for the following coverages in Section 12.1: Employer's Liability, General Commercial Liability, and Automobile Liability.

12.1.2 **Liability.** The required insurance coverage and limits pursuant to this Section 11.1 is the minimum coverage limits Developer is required to carry. HOWEVER, THE REQUIRED MINIMUM INSURANCE REQUIREMENTS PROVIDED ABOVE, WILL NOT IN ANY WAY LIMIT DEVELOPER'S LIABILITY UNDER THIS AGREEMENT.

12.1.3 **Disclosure of Information.** Developer agrees that District may disclose the name and contact information of its insurers to any third party which presents a claim against District for any damages or claims resulting from or arising from any acts or omissions of Developer or Developer's Agents under this Agreement.

12.1.4 **General Policy Requirements.** Developer shall name District as an additional insured under all policies of liability insurance identified above except Workers' Compensation Insurance. Any deductibles with respect to the foregoing insurance policies shall be commercially reasonable. All such policies shall include a waiver of subrogation endorsement, if obtainable. All insurance policies required pursuant to this Section 12.1 shall be written as primary policies, not contributing with or in excess of any coverage that District may carry. Such insurance shall be obtained through a recognized insurance company licensed to do business in the District of Columbia and have an A.M. BEST Company rating of A-:VIII or above. Prior to any entry onto the Property at any time pursuant to this Agreement, Developer shall furnish to District certificates of insurance evidencing the coverage required herein above, together with reasonably satisfactory evidence of payment of premiums for such policies. The policies shall contain an agreement by the insurer to provide notice to District, by overnight carrier or U.S. Certified Mail, return receipt requested, not less than thirty (30) days before any material change, reduction in coverage, cancellation, including cancellation for nonpayment of premium, or other termination thereof or change therein. If Developer or Developer's Agents maintain additional dedicated insurance limits (but not insurance limits that apply to projects or activities not undertaken under this Agreement) that are higher than are required under Section 12.1, such additional limits shall be subject to the requirements set forth in this Section.

12.2 **Indemnification.** Developer shall indemnify, defend, and hold harmless District and District's agents and employees from and against any and all losses, costs, claims, damages, liabilities, and causes of action (including reasonable attorneys' fees and court costs) arising out of death of or injury to any person or damage to any property that is directly or indirectly caused by any acts or omissions of Developer, its Members, or Developer's Agents; provided, however, that the forgoing indemnity shall not apply to any losses, costs, claims, damages, liabilities, and causes of action (including reasonable attorneys' fees and court costs) due solely to the gross negligence or willful misconduct of District as determined by a court of competent jurisdiction. The obligations of Developer under this Section shall survive Closing or the earlier termination of this Agreement.

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7200 Wisconsin Avenue  
Suite 700  
Bethesda, MD 20814  
Attn: Douglas Firstenberg

With a copy to:  
Arnold & Porter Kay Scholer LLP  
601 Massachusetts Avenue, NW  
Washington, D.C. 20001  
Attn: Michael D. Goodwin

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Notices served upon Developer or District in the manner aforesaid shall be deemed to have been received for all purposes hereunder at the time such notice shall have been: (i) if hand delivered to a Party against receipted copy, when the copy of the notice is receipted; (ii) if given by overnight courier service, on the next Business Day after the notice is deposited with the overnight courier service; or (iii) if given by certified mail, return receipt requested, postage pre-paid, on the date of actual delivery or refusal thereof. If notice is tendered under the terms of this Agreement and is refused by the intended recipient of the notice, the notice shall nonetheless be considered to have been received and shall be effective as of the date provided in this Agreement. The Parties agree that counsel to any of them may provide notice to the other Parties under this Agreement.

#### **ARTICLE XIV MISCELLANEOUS**

14.1 Party in Position of Surety With Respect to Obligations. Developer, for itself and its successors and assigns and for all other persons who are or who shall become, whether by express or implied assumption or otherwise, liable upon or subject to any obligation or burden under the Agreement, hereby waives, to the fullest extent permitted by law and equity, any and all claims or defenses otherwise available on the grounds of its being or having become a person in the position of surety, whether real, personal, or otherwise or whether by agreement or operation of law, including, without limitation any and all claims and defenses based upon extension of time, indulgence or modification of this Agreement.

14.2 Conflict of Interests; Representatives Not Individually Liable. No official or employee of District shall participate in any decision relating to this Agreement which affects his personal interests or the interests of any District of Columbia agency, partnership, or association in which he is, directly or indirectly, interested. No official or employee of District shall be personally liable to Developer or any successor-in-interest in the event of any default or breach by District or for any amount which may become due to Developer or such successor-in-interest or on any obligations hereunder.

14.3 Survival; Merger. Except to the extent any provision contained herein expressly survives the expiration or termination of this Agreement, the provisions of this Agreement are intended to and shall be superseded by the Ground Lease.

14.4 Titles of Articles and Sections. Titles and captions of the several parts, articles, and sections of this Agreement are inserted for convenient reference only and shall be disregarded in construing or interpreting Agreement provisions.

14.5 Law Applicable; Forum for Disputes. This Agreement shall be governed by, interpreted under, construed, and enforced in accordance with the laws of the District of Columbia, without reference to the conflicts of laws provisions thereof. District and Developer irrevocably submit to the jurisdiction of (a) the courts of the District of Columbia and (b) the United States District Court for the District of Columbia for the purposes of any suit, action, or

other proceeding arising out of this Agreement or any transaction contemplated hereby. District and Developer irrevocably and unconditionally waive any objection to the laying of venue of any action, suit, or proceeding arising out of this Agreement or the transactions contemplated hereby in the courts named in (a) and (b) above, and hereby further waive and agree not to plead or claim in any such court that any such action, suit, or proceeding brought in any such court has been brought in an inconvenient forum.

14.6 Entire Agreement; Recitals; Exhibits.

14.6.1 This Agreement (including the Exhibits annexed hereto and made part hereof), and any document delivered pursuant to this Agreement collectively contain all the agreements and understandings between District and Developer relative to the transactions contemplated herein and thereby and there are no agreements or understandings, oral or written, expressed or implied, between them with respect thereto other than as herein set forth or expressly referenced herein and made a part hereof. Upon execution of this Agreement, all previous agreements shall be deemed null and void.

14.6.2 The Recitals of this Agreement are incorporated herein by this reference and are made a substantive part of the agreements between the Parties.

14.6.3 All Exhibits are incorporated herein by reference, whether or not so stated. In the event of any conflict between the Exhibits and this Agreement that occurs prior to Closing, this Agreement shall control. In the event of any conflict between the Exhibit and this Agreement that occurs after Closing, the Exhibits shall control.

14.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which shall together constitute one and the same instrument. Execution and delivery of this Agreement by facsimile or e-mail .pdf shall be sufficient for all purposes and shall be binding on any Person who so executes.

14.8 Time of Performance. All dates for performance (including cure) shall expire at 5:00 p.m. (Eastern time) on the performance or cure date. A performance date which falls on a Saturday, Sunday, District of Columbia government holiday, or day in which the District of Columbia government is officially closed for business is automatically extended to the next Business Day.

14.9 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of, the successors and assigns of District and Developer, and where the term "Developer" or "District" is used in this Agreement, it shall mean and include their respective successors and assigns.

14.10 Third Party Beneficiary. No Person shall be a third party beneficiary of this Agreement.

14.11 Waiver of Jury Trial. TO THE EXTENT PERMITTED BY LAW, ALL PARTIES HERETO WAIVE THE RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY LITIGATION ARISING IN RESPECT OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

14.12 Further Assurances. Each Party agrees to execute and deliver to the other Party such additional documents and instruments as the other Party reasonably may request in order to fully carry out the purposes and intent of this Agreement.

14.13 Modifications and Amendments. None of the terms or provisions of this Agreement may be changed, waived, modified, or removed except by an instrument in writing executed by the Party or Parties against which enforcement of the change, waiver, modification, or removal is asserted. None of the terms or provisions of this Agreement shall be deemed to have been abrogated or waived by reason of any failure or refusal to enforce the same. In addition, if any Party seeks to amend or change any material terms set forth in the Council Term Sheet, the Parties must seek and receive Council approval as required under D.C. Official Code §10-801(b-4).

14.14 Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future Applicable Law, such provision shall be fully severable, this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement, unless this construction would constitute a substantial deviation from the general intent of the Parties as reflected in this Agreement. Furthermore, there shall be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible that is legal, valid, and enforceable.

14.15 Anti-Deficiency Limitation; Authority.

14.15.1 Though no financial obligations on the part of District are anticipated, Developer acknowledges that District is not authorized to make any obligation in advance or in the absence of lawfully available appropriations and that District's authority to make such obligations is and shall remain subject to the provisions of (i) the federal Antideficiency Act, 31 U.S.C. §§ 1341, 1342, 1349, 1350, 1351; (ii) D.C. Official Code § 47-105; (iii) the District of Columbia Anti-Deficiency Act, D.C. Official Code §§ 47-355.01 – 355.08, as the foregoing statutes may be amended from time to time; and (iv) Section 446 of the District of Columbia Home Rule Act.

14.15.2 Developer acknowledges and agrees that any unauthorized act by District is void. It is Developer's obligation to accurately ascertain the extent of District's authority.

14.16 Time of the Essence; Standard of Performance. Time is of the essence with respect to all matters set forth in this Agreement. For all deadlines set forth in this Agreement, the standard of performance of the Party required to meet such deadlines shall be strict adherence and not reasonable adherence.

14.17 No Partnership. Nothing contained herein shall be deemed or construed by the Parties hereto or any third party as creating the relationship of principal and agent or of partnership or of joint venture between Developer and District.

14.18 Each Party To Bear Its Own Costs. Each Party shall bear its own costs and expenses incurred in connection with the negotiation of this Agreement and the performance of such Party's duties and obligations hereunder.

14.19 Discretion. Unless explicitly provided to the contrary in this Agreement, where either Party has the right to approve or consent to any matter herein, such approval or consent shall not be unreasonably withheld, conditioned, or delayed nor any charge made therefor.

14.20 Force Majeure. Neither District nor Developer, as the case may be, shall be considered in default of their obligations under this Agreement, in the event such Party's performance is materially and adversely affected by a Force Majeure event. In the event of the occurrence of any such Force Majeure event, the time or times for performance of the obligations of District or of Developer shall be extended day-for-day for the period of the Force Majeure; provided however, that (a) the Party seeking the benefit of this Section 14.20 shall notify the other Party in writing within ten (10) days after it becomes aware of the beginning of any such Force Majeure event, of the cause or causes thereof, with supporting documentation, and such Party's estimate of the length of the delay that will be caused by such Force Majeure event and (b) the Party seeking the delay must take commercially reasonable actions to minimize the delay. If either Party requests any extension on the date of completion of any obligation hereunder due to Force Majeure, it shall be the responsibility of such Party to reasonably demonstrate that the delay was caused specifically by such Force Majeure event. Force Majeure delays shall not delay the Closing Date and shall not apply to any obligation to pay money.

14.21 Joint Preparation. District and Developer each acknowledge that it has thoroughly read and reviewed this Agreement, including all Exhibits and attachments thereto, and has sought and received whatever competent advice and counsel as was necessary for it to form a full and complete understanding of all rights and obligations herein. The language of this Agreement has been agreed to by the Parties to express their mutual intent and no rule of strict construction shall be applied against any Party hereto.

14.22 Estoppel Certificates. At any time and from time to time upon not less than thirty (30) days' prior notice, either Party shall execute, acknowledge and deliver to the other requesting Party, a written statement certifying: (a) this Agreement is in full force and effect; (b) this Agreement has not been modified or amended (or if it has, identifying the modifications and amendments); (c) to such Party's knowledge, the Party requesting the certificate is not then in default under this Agreement; (d) to such Party's knowledge, the Party requesting the certificate has fully performed all of its respective obligations hereunder (or, if it has not, identifying such failures to perform); and (e) such other factual statements as such requesting Party may reasonably request.

*[Signature Pages Follow]*

**IN WITNESS WHEREOF**, District and Developer have each caused this Agreement to be signed, acknowledged and delivered in its name by its duly authorized representative as of the day and year first above written.

**DISTRICT:**

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

By: \_\_\_\_\_  
Brian T. Kenner  
Deputy Mayor for Planning and Economic Development

Reviewed:

By: \_\_\_\_\_  
Office of the General Counsel  
ODMPED

Date: \_\_\_\_\_

**DEVELOPER:**

IVY CITY PARTNERS, LLC, a Delaware limited liability company

By: S/C Ivy City Partners, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**Exhibit A**  
**Property Descriptions**

**Property:** 1900 Gallaudet Street, N.E., Parcel 0142 in Square 0022

**Ground Lease Property:** The portion of the Property cross hatched in Figure 1 below

**Crummell School Property:** The Property less the Ground Lease Property

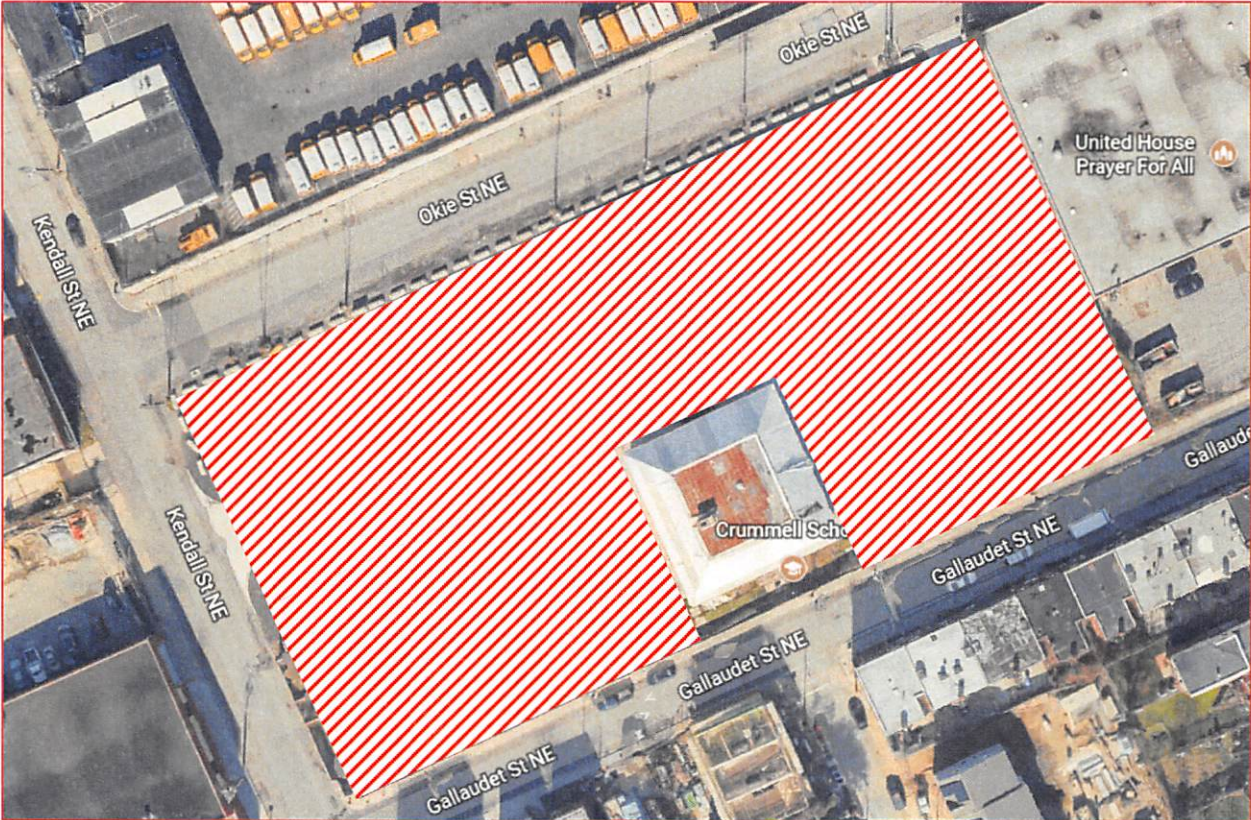


Figure 1

**AFFORDABLE HOUSING COVENANT**

**[Add project name & address]**

THIS AFFORDABLE HOUSING COVENANT (the "**Covenant**") is made as of this \_\_\_ day of \_\_\_\_\_, 20\_\_ ("**Effective Date**"), by \_\_\_\_\_, a "**Developer**") having an address of \_\_\_\_\_, for the benefit of the District of Columbia, a municipal corporation, acting by and through the \_\_\_\_\_ (the "**District**").

**RECITALS**

R-1. District is the fee simple owner of certain real property located in the District of Columbia as further described in **Exhibit A** (the "**Property**").

R-2. District has determined to further its public policy of increasing the affordable housing stock in the District of Columbia and, in particular, on the Property.

R-3. District and Developer entered into that certain Land Disposition Agreement dated \_\_\_\_\_, 20\_\_, as the same may be amended ("**Development Agreement**") whereby District and Developer agreed upon the terms under which District agreed to [convey the fee simple interest in][ground lease] the Property to Developer and for Developer to develop and construct the Project (defined below) and to sell and/or manage and lease the Affordable Units to be constructed in the Project.

R-4. In accordance with the Development Agreement and contemporaneously with the execution of this Covenant, District has conveyed or will convey the Property to Developer.

R-5. District and Developer desire to set forth herein the terms, restrictions, and conditions upon which Developer will construct, maintain, sell and/or lease the Affordable Units in the Project.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the District and Developer hereby declare, covenant and agree as follows:

**ARTICLE I  
DEFINITIONS**

For the purposes of this Covenant, the capitalized terms used herein shall have the meanings ascribed to them below and, unless the context clearly indicates otherwise, shall include the plural as well as the singular.

**Acknowledgment of Covenant:** is that certain Acknowledgment of Covenant executed by a Qualified Purchaser, in such form as the Agency requires.

**Affirmative Fair Housing Marketing Plan:** means Developer's plan for marketing the rental or initial sale of the Affordable Units, as approved by the Agency pursuant to Section 2.3.

**Affordability Period:** is defined in Article X.

**Affordability Requirement:** is the requirement that [\_\_\_\_\_] [all OR insert number or percentage] of the Residential Units to be contained in the Project are to be Affordable Units and allocated as follows: (i) [\_\_\_\_\_] of the Affordable Units shall be reserved for Households with an Annual Household Income at or below [\_\_\_\_\_] MFI and (ii) [\_\_\_\_\_] of the Affordable Units shall be reserved for Households with an Annual Household Income at or below [\_\_\_\_\_] MFI. [Add additional categories as appropriate.]

**Affordable Unit:** means each Residential Unit that will be used to satisfy the Affordability Requirement, all of which shall be identified in the Affordable Unit Index.

**Affordable Unit Index:** is an index of the Affordable Units contained in the Project that identifies: (i) unit number (or similar identifier) and floor for each Affordable Unit and whether each Affordable Unit is a Rental Affordable Unit or For Sale Affordable Unit; (ii) the Designated Affordability Level of each Affordable Unit; (iii) the approximate square footage and number of bedrooms of each Affordable Unit and a schematic drawing showing the layout of each Affordable Unit; (iv) a listing or schedule of the standard and upgrade options of finishes, fixtures, equipment, and appliances for all Residential Units; (v) a listing or schedule of the amenities, services, upgrades, parking, and other facilities that will be offered as an option at an additional upfront or recurring cost or fee to the Residential Units; and (vi) residential floor plans showing the location of each Residential Unit.

**Affordable Unit Owner:** means a Qualified Purchaser who own(s) a For Sale Affordable Unit.

**Affordable Unit Tenant:** means a Qualified Tenant who lease(s) a Rental Affordable Unit.

**Agency:** means, as of the Effective Date, the D.C. Department of Housing and Community Development, pursuant to Mayor's Order 2009-112 (effective June 18, 2009), or such other agency of the District of Columbia government that may subsequently be delegated the authority of the Mayor to monitor, enforce, or otherwise administer the affordable housing requirements of the District of Columbia government.

**Annual Household Income:** means the aggregate annual income of a Household as determined by using the standards set forth in 24 CFR § 5.609, as may be amended, or as otherwise set forth by the Agency.

**Annual Report:** has the meaning given in Section 4.10.

**Business Day:** means Monday through Friday, inclusive, other than holidays recognized by the District of Columbia government.

**Certification of Income, Affordability and Housing Size:** means a certification made

by a Certifying Entity that verifies that (a) the Annual Household Income of a Household meets the Designated Affordability Level for an applicable Affordable Unit, and (b) the Household meets the requirements of Section 4.5 or Section 5.2.1, as applicable, in such form as the Agency approves.

**Certification of Inspection:** means a certification by Developer that it has performed or caused to be performed an inspection of a Rental Affordable Unit and that, to the best of Developer's knowledge, such Rental Affordable Unit is in compliance with all applicable statutory and regulatory requirements, in such form as the Agency approves.

**Certification of Residency:** means a certification made by an Affordable Unit Owner that states that the Affordable Unit Owner occupies the Affordable Unit as its principal residence, in such form as the Agency approves.

**Certifying Entity:** means an entity or entities approved by the Agency pursuant to Section 2.4.

**Conflict:** is defined in Section 12.11.

**Declaration of Eligibility:** means a declaration executed by a Household prior to its purchase, initial rental or subsequent rent renewal, as applicable, of an Affordable Unit, in a form approved by the Agency, that shall be given to the Agency, Owner, and the Certifying Entity representing and warranting the following: (a) the Household is a Qualified Purchaser or Qualified Tenant and has disclosed all of its Annual Household Income to the Certifying Entity and has provided reasonably satisfactory documentation evidencing such Annual Household Income, (b) the Household's Annual Household Income is at or below the Maximum Annual Household Income for the applicable Affordable Unit, (c) the Household has been informed of its rights and obligations under this Covenant, (d) the Household intends to occupy the Affordable Unit as its principal residence, (e) the Household size meets the Occupancy Standard for the Affordable Unit, (f) neither the Household, nor any person within the Household, has an ownership interest in any other residential real property or residential cooperative or, if they do, they will divest such interest and will provide satisfactory proof of the same to the Agency before closing on the purchase of or signing lease for the Affordable Unit and (g) any other reasonable and customary representations requested by the Agency.

**Designated Affordability Level:** means the percentage of MFI assigned to each Affordable Unit and used to determine the Maximum Annual Household Income for prospective Qualified Purchasers or Qualified Tenants, as applicable.

**Developer:** is identified in the preamble of this Covenant.

**Federal Affordability Restrictions:** is defined in Section 12.11.

**For Sale Affordable Unit:** means an Affordable Unit that shall be sold solely to a Qualified Purchaser.

**Household(s):** means all persons who will occupy the Affordable Unit, including the purchaser's or tenant's, as applicable, spouse or domestic partner, all children under eighteen

(18) years of age, and all other persons over eighteen (18) years of age who will be occupying the Affordable Unit. A Household may be a single family, one (1) person living alone, two (2) or more families living together, or any other group of related or unrelated persons who share living arrangements as allowable by this Covenant.

**Household Selection Plan**: means Developer's plan for selecting Qualified Tenants or Qualified Purchasers for the rental or initial sale of the Affordable Units, as approved by the Agency pursuant to Section 2.3.

**Housing Cost**: means (a) for Rental Affordable Units, the total monthly payments for rent and Utilities, less any rental subsidies paid on behalf of that Household, and (b) for For Sale Affordable Units, the total monthly mortgage payments, property tax, hazard insurance, if applicable, Utilities and condominium or homeowner fees required for purchase and occupancy.

**Housing Locator Website**: means a website established or designated by the Agency pursuant to the Affordable Housing Clearinghouse Directory Act of 2008, effective August 15, 2008 (D.C. Law 17-215; D.C. Official Code § 42-2131, *et seq.*).

**HUD**: means the United States Department of Housing and Urban Development.

**Land Records**: means the real property records for the District of Columbia located in the Recorder of Deeds.

**Market-Rate Unit**: is each Residential Unit that is not an Affordable Unit.

**Maximum Allowable Rent**: as defined in Section 4.4.2.

**Maximum Annual Household Income**: is the maximum Annual Household Income of a Household occupying an Affordable Unit as indicated on the then-current Rent and Price Schedule.

**Maximum Resale Price**: is the maximum resale price of a For-Sale Affordable Unit as determined pursuant to the procedures contained in Schedule 1 attached hereto.

**Maximum Sales Price**: as defined in Section 5.1.1.

**Median Family Income or MFI**: means the median family income for a household of four persons in the "Washington Metropolitan Statistical Area" as periodically published by HUD, and adjusted for Household size without regard to any adjustments made by HUD for the purposes of the programs it administers. MFI is also known as Area Median Income or AMI.

**Minimum Annual Household Income**: is the minimum Annual Household Income of a Household occupying a Rental Affordable Unit as indicated on the then-current Rent and Price Schedule.

**Mortgage**: means a mortgage, deed of trust, mortgage deed, or such other classes of instruments as are commonly given to secure a debt under the laws of the District of Columbia.

**Mortgagee:** means the holder of a Mortgage.

**OAG:** means the Office of the Attorney General for the District of Columbia.

**Occupancy Standard:** means the minimum number of individuals in a Household permitted to occupy any given Affordable Unit, as identified in the following chart:

Affordable Unit Size (Number of Bedrooms)	Minimum Number of Individuals in a Household
Studio/Efficiency	1
1	1
2	2
3	3
4	4
5	5
6	6

**Over-Income Tenant:** means a tenant of a Rental Affordable Unit who, at the time of execution of the lease qualified as an Affordable Unit Tenant, but, at the time of lease renewal, has an Annual Household Income greater than one hundred forty percent (140%) of the applicable Maximum Annual Household Income for the applicable Rental Affordable Unit.

**Owner:** means, in the context of Rental Affordable Units, Developer, and in the context of For Sale Affordable Units, Developer for so long as Developer owns the applicable For Sale Affordable Unit, and then thereafter, the Affordable Unit Owner that owns such For Sale Affordable Unit.

**Person:** means any individual, corporation, limited liability company, trust, partnership, association, or other legal entity.

**Project:** means the structures, landscaping, hardscape, and site improvements to be constructed or placed on the Property pursuant to the Development Agreement.

**Property:** is defined in the Recitals.

**Qualified Purchaser:** means a Household that (i) at the time of purchase, has an Annual Household Income, as certified by the Certifying Entity, less than or equal to the Maximum Annual Household Income for the applicable Affordable Unit, (ii) shall occupy the Affordable Unit as its principal residence during its ownership of such Affordable Unit, (iii) shall not permit exclusive occupancy of the Affordable Unit by any other Person, (iv) shall use, occupy, hold, and sell the Affordable Unit as an Affordable Unit subject to the Affordability Requirement (including the requirement to sell the Affordable Unit to a Qualified Purchaser) and this Covenant, and (v) at the time of purchase, meets the Occupancy Standard for the applicable Affordable Unit.

**Qualified Tenant:** means a Household that (i) at the time of leasing, has an Annual Household Income, as certified by the Certifying Entity, less than or equal to the Maximum Annual Household Income for the applicable Affordable Unit and at subsequent lease renewals, is not an Over-Income Tenant, (ii) shall occupy the Affordable Unit as its principal residence during its lease of such Affordable Unit, (iii) shall not permit exclusive occupancy of the Affordable Unit by any other Person, (iv) shall use and occupy the Affordable Unit as an Affordable Unit subject to the Affordability Requirement and this Covenant, and (v) shall occupy the Affordable Unit within the Occupancy Standard.

**Rent and Price Schedule:** means the Rent and Price Schedule published in the D.C. Register in accordance with the Inclusionary Zoning Implementation Amendment Act of 2006 (D.C. Law 16-275; D.C. Official Code § 6-1041.01 et seq.), as amended, which schedule sets forth, among other things, the Maximum Sales Prices and Maximum Allowable Rent for inclusionary zoning units and Affordable Units.

**Rental Affordable Unit:** means an Affordable Unit that shall be leased to a Qualified Tenant.

**Rental Affordable Unit Lease Rider:** is that certain lease rider, which is attached to this Covenant as **Exhibit B** and incorporated herein, as the same may be amended from time to time with the written approval of the Agency.

**Residential Unit:** means an individual residential unit constructed as part of the Project.

**Sale:** is defined in **Section 5.1**.

**Transferee:** is defined in **Section 5.7**.

**Utilities:** means water, sewer, electricity, natural gas, trash, and any other fees required by the Developer, property manager, or condominium or homeowners' association in order to occupy the Affordable Unit, including, but not limited to, mandatory amenity or administrative fees, which amounts are included in the Rent and Price Schedule.

## **ARTICLE II AFFORDABILITY REQUIREMENT**

**2.1 Requirement of Affordability.** Developer shall construct, reserve, and either maintain and lease as Rental Affordable Units, or sell as For Sale Affordable Units that number of Affordable Units that are required by the Affordability Requirement.

**2.2 Affordable Unit Standards and Location.**

**2.2.1 Affordable Unit Index.** As of the Effective Date, District has approved the Affordable Unit Index, which is attached hereto as **Exhibit C**. Developer shall not amend or modify the Affordable Unit Index, except to the extent permitted under **Section 4.6.6**, without the Agency's prior written approval, which shall not be unreasonably withheld, conditioned, or delayed. Any such approved amendment or modification as a result of re-designations of

Residential Units under Section 4.6.6 shall be recorded in the Land Records as an amendment to this Covenant, at such time as determined by the Agency.

2.2.2 *Unit Mix.* The distribution of Affordable Units shall be proportional to that of the Market-Rate Units (e.g., if the Market-Rate Units have a mix of 30% studios, 40% one-bedrooms, and 30% two-bedrooms, the Affordable Units shall have a similar mix).

2.2.3 *Size.* The Affordable Units shall be of a size substantially similar to the Market-Rate Units, provided that Affordable Units may be the smallest size of each market-rate type (studio, 1-bedroom and 2-bedroom units) and have no luxury-scaled unit counterpart.

2.2.4 *Exterior Finishes.* Exterior finishes of Affordable Units will be substantially similar to the appearance, finish, and durability of the exterior finishes of the Market-Rate Units.

2.2.5 *Interior Finishes.* Developer agrees that the interior base finishes, appliances, and equipment in the Affordable Units shall be substantially similar to the Market-Rate Units.

2.2.6 *Affordable Unit Location.* Affordable Units shall be disbursed throughout the Project and shall not be concentrated on any one floor or within a tier or section of the Project.

### 2.3 **Marketing Affordable Units.**

2.3.1 *Marketing Plan.* Developer shall submit to Agency an Affirmative Fair Housing Marketing Plan and Household Selection Plan that set forth its plan for marketing the Affordable Units and for selecting Households who may be Qualified Tenants or Qualified Purchasers, as applicable. The Affirmative Fair Housing Marketing Plan and Household Selection Plan shall be subject to the Agency's prior written approval and shall be submitted to and approved by the Agency prior to marketing any Affordable Units for sale or rent. Developer may contract with the Certifying Entity to implement the Affirmative Fair Housing Marketing Plan and Household Selection Plan.

2.3.2 *Housing Locator.* When an Affordable Unit becomes available for rent or for sale, Owner shall register the Affordable Unit on the Housing Locator Website and indicate the availability of such Affordable Unit and the application process for the Affordable Unit.

2.4 **Certifying Entity.** Each Owner shall select a Certifying Entity, which shall be subject to the Agency's prior written approval, not to be unreasonably withheld, conditioned, or delayed. Owner may contact the Agency with questions and information about the selection of a Certifying Entity. The Certifying Entity shall review documentation and verify a Household's Annual Household Income and Household's size in order to determine whether that Household is a Qualified Tenant or Qualified Purchaser, as applicable, for the subject Affordable Unit. If a Household is determined to be a Qualified Tenant or Qualified Purchaser, as applicable, the Certifying Entity shall issue a Certification of Income, Affordability and Housing Size for the subject Household.

## ARTICLE III USE



3.1 **Use.** Except as provided herein, all Affordable Unit Owners and Affordable Unit Tenants shall have the same and equal use and enjoyment of all of the amenities of the Property and services provided at the Property as the owners or tenants of the comparable Market-Rate Units. No restrictions, requirements, or rules shall be imposed on Affordable Unit Owners or Affordable Unit Tenants that are not imposed equally on the owners or tenants of the comparable Market-Rate Units. If amenities, services, upgrades, or ownership or rental of parking and other facilities are offered as an option at an additional upfront and/or recurring cost or fee to the comparable Market-Rate Units, such amenities, services, upgrades, or ownership or rental of parking and other facilities shall be offered to the Affordable Unit Owners and Affordable Unit Tenants of comparable Affordable Units at the same upfront and/or recurring cost or fee charged to the Market-Rate Units. If there is no cost or fee charged to the owners or tenants of the comparable Market-Rate Units for such amenities, services, upgrades, or ownership or rental of parking and other facilities, there shall not be a cost or fee charged to Affordable Unit Owners or Affordable Unit Tenants of comparable Affordable Units.

3.2 **Demolition/Alteration.** Owner shall maintain, upkeep, repair, and replace interior components (including fixtures, appliances, flooring, and cabinetry) of the Affordable Unit with interior components of equal or better quality than those interior components being replaced. Owner shall not demolish or otherwise structurally alter an Affordable Unit or remove fixtures or appliances installed in an Affordable Unit other than for maintenance and repair without the prior written approval of the Agency, which approval shall be in the sole discretion of the Agency.

#### **ARTICLE IV RENTAL OF AFFORDABLE UNITS**

4.1 **Lease of Rental Affordable Units.** In the event the Project contains Rental Affordable Units, Developer shall reserve, maintain, and lease the Rental Affordable Units to Qualified Tenants (a) in accordance with this Covenant and (b) at a rental rate at or below the Maximum Allowable Rent.

#### **4.2 Rental Affordable Unit Lease Requirements.**

4.2.1 *Form of Lease.* To lease a Rental Affordable Unit to a Qualified Tenant, Developer shall use a lease agreement to which is attached and incorporated a Rental Affordable Unit Lease Rider. The Rental Affordable Unit Lease Rider shall be executed by Developer and each Qualified Tenant prior to the Qualified Tenant's occupancy of the Rental Affordable Unit. Any occupant of the Rental Affordable Unit who is eighteen (18) years or older shall be a party to the lease agreement and shall execute the Rental Affordable Unit Lease Rider.

4.2.2 *Effectiveness of Lease.* The lease of a Rental Affordable Unit shall only be effective if a Rental Affordable Unit Lease Rider, a Certification of Income, Affordability and Housing Size and a Declaration of Eligibility are attached as exhibits to the lease agreement. Failure to attach the foregoing shall render the lease null and void *ab initio*.

4.2.3 *Developer to Maintain Copies.* Developer shall maintain or cause to be maintained copies of all initial and renewal leases executed with Qualified Tenants for a period of no less than five (5) years from the expiration or termination of such lease.

#### 4.3 **Rental Affordable Unit Admissions Process.**

4.3.1 *Referrals.* Developer may obtain referrals of prospective tenants of Rental Affordable Units from federal and District of Columbia agencies, provided such referrals comply with the requirements of this Covenant. In all events, before a prospective tenant leases a Rental Affordable Unit, a Certifying Entity shall certify the prospective tenant's Annual Household Income, Household size and Housing Costs for the applicable Rental Affordable Unit.

4.3.2 *Consideration of Applicants.* For the initial occupancy of the Rental Affordable Units, Developer shall select Qualified Tenants through a lottery system or other system as otherwise approved by the Agency as shall be further provided in the Affordable Unit Marketing Plan. Following the initial occupancy of the Affordable Units, Developer shall consider each applicant in the order in which received by Developer, whether received pursuant to the Affordable Unit Marketing Plan or referred pursuant to Section 4.3.1.

4.3.3 *Rejection of Applicants.* In connection with the leasing of a Rental Affordable Unit, Developer may reject any applicant if, after diligent review of such applicant's application, Developer determines in good faith that such applicant does not meet Developer's criteria to lease or occupy a Rental Affordable Unit, provided such criteria do not violate applicable District of Columbia and federal laws and is the same criteria used by Developer to lease or occupy the Market-Rate Units. In the event any rejected applicant raises an objection or challenges Developer's rejection of such applicant, Developer shall be solely responsible for ensuring that its rejection of such applicant is not in violation of federal law and/or the D.C. Human Rights Act, D.C. Official Code § 2-1400 *et seq.* Developer shall provide the Agency with all documents evidencing Developer's review and rejection of an applicant, upon the request of the Agency.

4.3.4 *Determination of Eligibility.* Each tenant seeking to occupy a Rental Affordable Unit shall have its Annual Household Income and Household eligibility verified by, and shall obtain a Certification of Income, Affordability and Housing Size from, the Certifying Entity prior to leasing such unit.

#### 4.4 **Initial Rental Affordable Unit Lease Terms.**

4.4.1 *Term.* The term of any Rental Affordable Unit lease agreement shall be for a period of one (1) year.

4.4.2 *Establishment of Maximum Rent.* The maximum allowable monthly rent ("**Maximum Allowable Rent**") for each Rental Affordable Unit shall be determined by the then-current Rent and Price Schedule.

**4.5 Determination of Income and Household Size.** The Annual Household Income for a prospective tenant of a Rental Affordable Unit shall be determined as of the date of the lease and any lease renewals for such Rental Affordable Unit. The Certifying Entity shall verify that (a) the Household's Annual Household Income is less than the Maximum Annual Household Income for the applicable Rental Affordable Unit; (b) the Household will not expend more than fifty percent (50%) of its monthly Annual Household Income on Housing Cost for the applicable Rental Affordable Unit; and (c) the Household meets the Occupancy Standard for the applicable Rental Affordable Unit.

#### **4.6 Subsequent Lease Years**

**4.6.1 Establishment of Maximum Allowable Rent.** The Maximum Allowable Rent for lease years after the first lease year shall be determined by the then-current Rent and Price Schedule.

**4.6.2 Renewal by Affordable Unit Tenant.** For each Affordable Unit Tenant who intends to renew its residential lease, Developer shall obtain the following: (i) a Declaration of Eligibility from each such Affordable Unit Tenant and (ii) a Certification of Income, Affordability and Housing Size completed by the Certifying Entity, each dated no earlier than ninety (90) days prior to the anniversary of the first day of the applicable residential lease. Developer shall not permit a renewal of an Affordable Unit Tenant's lease unless the Affordable Unit Tenant has provided Developer with these documents as required herein and the tenant is determined to be a Qualified Tenant. If the Affordable Unit Tenant fails to provide such documents, Developer shall treat such tenant as an Over-Income Tenant and charge market-rate rent, and Developer shall designate another Residential Unit as a Rental Affordable Unit in accordance with Section 4.6.6.

**4.6.3 Annual Recertification of Tenants.** Within fifteen (15) days after receipt of an Affordable Unit Tenant's renewal documents at annual recertification, the Certifying Entity shall determine the Affordable Unit Tenant's eligibility pursuant to Section 4.5 for the subject Rental Affordable Unit and notify Affordable Unit Tenant of the same. Any Affordable Unit Tenant who meets the income and Household size requirements for the Affordable Unit at recertification will be eligible to remain in the Rental Affordable Unit and to renew his/her lease at the then-current lease rate for the particular Rental Affordable Unit.

**4.6.4 Annual Recertification of Under Income Tenants.** Upon annual recertification, any Affordable Unit Tenant whose Annual Household Income is less than the Minimum Annual Household Income for the subject Rental Affordable Unit, may elect either to (i) remain in the Rental Affordable Unit paying rent, as established by the Owner, up to the then-current Maximum Allowable Rent for the subject Rental Affordable Unit or (ii) vacate the Rental Affordable Unit at the end of the tenant's lease term.

**4.6.5 Annual Recertification of Over-Income Tenants.** Upon annual recertification, if an Affordable Unit Tenant is an Over-Income Tenant, then the Over-Income Tenant may elect to remain in the Rental Affordable Unit and pay the rent applicable to (a) a higher Designated Affordability Level, if a higher Designated Affordability Level exists for the Property, for which the Over-Income Tenant's Annual Household Income qualifies, whereupon Developer shall

change the Designated Affordability Level of the Rental Affordable Unit to the higher Designated Affordability Level pursuant to Section 4.6.6, or (b) a like-sized Market-Rate Unit, if the Over-Income Tenant's Annual Household Income does not qualify for a higher Designated Affordability Level or if a higher Designated Affordability Level does not exist at the Property, but qualifies for a like-sized Market-Rate Unit, whereupon Developer shall designate a Market-Rate Unit as a Rental Affordable Unit pursuant to Section 4.6.6.

**4.6.6 Changes to Unit Location.** Developer may only change the designation of a Rental Affordable Unit to a new Designated Affordability Level or to a Market-Rate Unit as necessary to allow an Over-Income Tenant to remain in the unit. Following any change in designation of a Rental Affordable Unit to a higher Designated Affordability Level or to a Market-Rate Unit, as applicable, Developer shall designate, as expeditiously as possible, the next available Rental Affordable Unit at that same higher Designated Affordability Level or Market-Rate Unit of similar size and location in the Property to the lower Designated Affordability Level from which the original Rental Affordable Unit had been changed in order to bring the Property in conformity with the Affordability Requirement.

**4.6.7 Rent from Subsidies.** Nothing herein shall be construed to prevent Developer from collecting rental subsidy or rental-related payments from any federal or District of Columbia agency paid to Developer and/or an Affordable Unit Tenant, or on behalf of an Affordable Unit Tenant, to the extent receipt of such payment is otherwise in compliance with the requirements of this Covenant. Such rental subsidy or rental-related payment shall be included in the calculation to determine if a tenant is a Qualified Tenant.

**4.7 No Subleasing of Rental Affordable Units.** An Affordable Unit Tenant may not sublease any portion of its Rental Affordable Unit or assign its lease to any other Household and Developer shall not knowingly allow such Rental Affordable Unit to be subleased, except with the Agency's prior written consent, in the Agency's sole and absolute discretion. This prohibition includes short-term renting to, or permitting occupancy by, Persons who are not included in an Affordable Unit Tenant's Household, of all or a portion of the Affordable Unit, either directly or through services such as AirBnb or other rental agency providers.

**4.8 Representations of Affordable Unit Tenant.** By execution of a lease for a Rental Affordable Unit, each Affordable Unit Tenant shall be deemed to represent and warrant to the Agency and Developer, each of whom may rely thereon, that the Affordable Unit Tenant meets, and will continue to meet, all eligibility requirements contained in this Covenant for the rental of a Rental Affordable Unit.

**4.9 Representations of Developer.** By execution of a lease for a Rental Affordable Unit, Developer shall be deemed to represent and warrant to the Agency, which may rely on the following, that: (i) the Household is determined to be a Qualified Tenant by the Certifying Entity, and (ii) Developer is not collecting more than the Maximum Allowable Rent.

**4.10 Annual Reporting Requirements.** Beginning with the first occupancy of any Affordable Unit, Developer shall provide an annual report ("**Annual Report**") to the Agency regarding the Rental Affordable Units, which shall be submitted on each anniversary date of the Effective Date of this Covenant. The Annual Report shall include the following:

(a) the number and identification of the Rental Affordable Units, by bedroom count, that are occupied;

(b) the number and identification of the Rental Affordable Units, by bedroom count, that are vacant;

(c) for each Rental Affordable Unit that is vacant or that was vacant for a portion of the reporting period, the manner in which the Rental Affordable Unit became vacant (e.g. eviction or voluntary departure) and the progress in re-leasing that unit;

(d) for each occupied Rental Affordable Unit, the names and ages of all persons in the Household, the Household size, date of initial occupancy, and total Annual Household Income as of the date of the most recent Certification of Income, Affordability and Housing Size;

(e) a sworn statement that, to the best of Developer's information and knowledge, the Household occupying each Rental Affordable Unit meets the eligibility criteria of this Covenant;

(f) a copy of each Certification of Income, Affordability and Housing Size received by Developer during the previous year for each Household renting a Rental Affordable Unit;

(g) a copy of each Declaration of Eligibility received by Developer during the previous year for each Household renting a Rental Affordable Unit;

(h) a copy of each inspection report and Certification of Inspection for each Rental Affordable Unit; and

(i) a copy of all forms, policies, procedures, and other documents reasonably requested by the Agency related to the Rental Affordable Units.

The Annual Reports shall be retained by Developer for a minimum of five (5) years after submission and shall be available, upon reasonable notice, for inspection by the Agency or its designee. Notwithstanding anything contained herein to the contrary, in the event that Developer provides a report to an agency within the District government with content substantially similar to the content of the Annual Reports described in this section, subject to the Agency's prior written approval, then the reporting requirements under this section shall be satisfied upon Developer's delivery of such report to the Agency. The Agency may request Developer to provide additional information in support of its Annual Report.

**4.11 Confidentiality.** Except as may be required by applicable law, including, without limitation to, the *District of Columbia Freedom of Information Act of 1976*, D.C. Code § 2-531 *et seq.*, Developer, the Certifying Entity and the Agency shall not disclose to third parties the personal information of the Households, including the identity of the Households, submitted as a part of the Annual Report.

**4.12 Inspection Rights.** The Agency or its designee shall have the right to inspect the Rental Affordable Units, upon reasonable advance notice to Developer. If Developer receives such notice, Developer shall, in turn, give reasonable advance notice of the inspection to the tenant(s) occupying the specific Rental Affordable Unit(s). The Agency or its designee shall have the right to inspect a random sampling of the Rental Affordable Units to confirm that the units are in compliance with applicable statutory and regulatory housing requirements and as otherwise permitted under this Covenant. The Agency or its designee shall have the right to conduct audits of a random sampling of the Rental Affordable Units and associated files and documentation to confirm compliance with the requirements of this Covenant.

## **ARTICLE V SALE OF AFFORDABLE UNITS**

**5.1 Sale of For Sale Affordable Units.** In the event the Project contains For Sale Affordable Units, the Owner shall comply with the provisions of this Article V for the sale of such Affordable Units. Owner shall not convey all or any part of its fee interest (“**Sale**”), whether or not for consideration, in a For Sale Affordable Unit to any Person other than a Qualified Purchaser. Developer and each Affordable Unit Owner of such For Sale Affordable Unit shall only sell to a buyer who has obtained a Certification of Income, Affordability and Housing Size from a Certifying Entity and who is a Qualified Purchaser.

*5.1.1 Maximum Sales Price.* The sale price of each For Sale Affordable Unit upon an initial Sale shall not exceed the amount (the “**Maximum Sales Price**”) in the then-current Rent and Price Schedule. The Developer shall submit to the Agency the proposed sales price for each For Sale Affordable Unit for approval prior to the marketing and sale of such For Sale Affordable Unit.

*5.1.2 Maximum Resale Price.* The Maximum Resale Price for each Sale subsequent to the initial Sale shall be calculated in accordance with Schedule 1 attached hereto and incorporated herein. The Agency shall approve the Maximum Resale Prices for each For Sale Affordable Unit prior to the marketing and resale of such For Sale Affordable Unit.

*5.1.3 Housing Purchase Assistance Program and other subsidized funding.* The Maximum Sales Price and Maximum Resale Price of a For Sale Affordable Unit shall be determined as described in Sections 5.1.1 and 5.1.2, regardless of the prospective buyer’s use of Housing Purchase Assistance Program and/or other subsidized funding for the purchase of the For Sale Affordable Unit.

**5.2 Procedures for Sales.** The following procedures shall apply to (i) Developer with respect to the initial Sale of a For Sale Affordable Unit, and (ii) an Affordable Unit Owner of a For Sale Affordable Unit desiring to sell his or her For Sale Affordable Unit.

5.2.1 *Income Eligibility.* For any Qualified Purchaser, the Annual Household Income shall be determined within thirty (30) days of the date of the sales contract for such For Sale Affordable Unit. Each Qualified Purchaser shall have its Annual Household Income verified by and obtain a Certification of Income, Affordability and Housing Size from the Certifying Entity prior to entering into the contract. To the extent closing on the sale of a For Sale Affordable Unit will not occur within one hundred twenty (120) days after the date of the sales contract, the Annual Household Income of the prospective Qualified Purchaser shall be determined again, so that the Certification of Income, Affordability and Housing Size is dated no more than one hundred twenty (120) days prior to the closing. The Certifying Entity shall determine a Household's eligibility to purchase a For Sale Affordable Unit by verifying that (a) the Household's Annual Household Income is less than the Maximum Annual Household Income for the applicable For Sale Affordable Unit; (b) the Household will not expend more than fifty percent (50%) of its monthly Annual Household Income on Housing Cost for the applicable For Sale Affordable Unit; and (c) the Household meets the Occupancy Standard for the applicable For Sale Affordable Unit.

5.2.2 *Sale.* A Sale of a For Sale Affordable Unit shall only be effective if (a) a Declaration of Eligibility submitted by a Household to Owner and dated no more than one hundred twenty (120) days prior to the closing of such Sale is recorded prior to or contemporaneous with the deed conveying the Affordable Unit and (b) a Certification of Income, Affordability and Housing Size is completed by a Certifying Entity within one hundred twenty (120) days before closing of such Sale. Owner, Mortgagee(s), District and any title insurer shall each be a third party beneficiary of each such Declaration of Eligibility and Certification of Income, Affordability and Housing Size.

5.2.3 *Resale.* Prior to a Sale of a For Sale Affordable Unit by an Affordable Unit Owner, the Affordable Unit Owner intending to sell such unit shall (i) contact the Agency to obtain the Maximum Resale Price and (ii) refer the prospective purchaser to the Agency to initiate the process of determining their Household's eligibility to purchase the For Sale Affordable Unit.

### 5.3 **Closing Procedures and Form of Deed.**

5.3.1 *Owner to Provide Copy of Covenant.* Owner shall provide the Qualified Purchaser with a copy of this Covenant at least thirty (30) days prior to the closing on the Sale of the For Sale Affordable Unit. Qualified Purchasers shall execute an Acknowledgment of Covenant on or before the date of closing on such Sale.

5.3.2 *Form of Deed.* All deeds used to convey a For Sale Affordable Unit must have a fully executed Declaration of Eligibility attached and shall include the following statement in twelve (12) point or larger type, in all capital letters, on the front page of the deed:

THIS DEED IS DELIVERED AND ACCEPTED SUBJECT TO THE PROVISIONS AND CONDITIONS SET FORTH IN THAT CERTAIN AFFORDABLE HOUSING COVENANT, DATED AS OF \_\_\_\_\_, 20\_\_ RECORDED AMONG THE LAND RECORDS OF THE DISTRICT OF COLUMBIA AS INSTRUMENT NUMBER \_\_\_\_\_, ON \_\_\_\_\_ 20\_\_, WHICH AMONG OTHER THINGS

IMPOSES RESTRICTIONS ON THE SALE AND CONVEYANCE OF THE SUBJECT PROPERTY.

5.3.3 *Deed for For Sale Affordable Unit.* A deed for a For Sale Affordable Unit shall not be combined with any other property, including parking spaces or storage facilities, unless the price of such other property is included in the Maximum Sales Price (for initial Sales) or Maximum Resale Price (for subsequent Sales).

5.3.4 *Post-Closing Obligations.* The purchaser of a For Sale Affordable Unit shall submit to the Agency within thirty (30) days after the closing a copy of the final executed Closing Disclosure, a copy of the deed recorded in the Land Records, the executed Declaration of Eligibility, the executed Certification of Income, Affordability and Housing Size, and the executed Acknowledgment of Covenant.

5.4 **Representations of Owner.** By execution of a deed for a For Sale Affordable Unit, Developer (for initial Sales) and the Affordable Unit Owner (for subsequent Sales) shall be deemed to represent and warrant to, and agree with, the Agency and, if applicable, the title company, each of whom may rely on the following: that (i) the Household has been determined to be a Qualified Purchaser of the applicable For Sale Affordable Unit by the Certifying Entity, and (ii) the sale price satisfies the terms of this Covenant.

5.5 **Annual Certification of Residency.** During the Affordability Period, the Affordable Unit Owner shall submit to the Agency annually on the anniversary of the closing date for a For Sale Affordable Unit, a Certification of Residency. The Certification of Residency shall be submitted on or with such form as may be prescribed by Agency.

5.6 **Leasing For Sale Affordable Units.** An Affordable Unit Owner shall not lease, or permit a sublease of, a For Sale Affordable Unit, or any portion thereof, without the Agency's prior written approval, in the Agency's sole and absolute discretion. If the Agency approves the lease of a For Sale Affordable Unit, then that Affordable Unit shall be leased in compliance with District (e.g. rental unit registration) and federal laws, and any applicable corporate governing documents (e.g. condominium, cooperative or home owners' association bylaws or rules) and any Mortgage or other loan documents applicable to the Affordable Unit. This prohibition includes short-term renting to, or permitting occupancy by, Persons who are not included in an Affordable Unit Owner's Household, of all or a portion of the Affordable Unit, either directly or through services such as AirBnb or other rental agency providers.

5.7 **Transfers.**

5.7.1 Except as provided in Article VIII, in the event an Affordable Unit Owner voluntarily or involuntarily transfers all or part of the For Sale Affordable Unit pursuant to operation of law, court order, divorce or death to a transferee, heir, devisee, or other personal representative of such owner of a For Sale Affordable Unit (each a "**Transferee**"), such Transferee shall be automatically bound by all of the terms, obligations, and provisions of this Covenant; and shall either: (i) occupy the For Sale Affordable Unit if he or she is a Qualified Purchaser or (ii) if the Transferee is not a Qualified Purchaser, or does not wish to, or is unable



to, occupy the For Sale Affordable Unit, he or she shall promptly sell it in accordance with this Covenant.

5.7.2 In no event shall a Transferee who is not a Qualified Purchaser reside in a For Sale Affordable Unit for longer than ninety (90) days.

5.8 **Progress Reports.** Until all initial Sales of For Sale Affordable Units are completed, Developer shall provide Agency with annual progress reports, or more frequently upon request, on the status of its sale of Affordable Units.

## **ARTICLE VI DEFAULT; ENFORCEMENT AND REMEDIES**

6.1 **Default; Remedies.** In the event Owner, Affordable Unit Tenant, a Person or a Household defaults under any term of this Covenant and does not cure such default within thirty (30) days following written notice of such default from the Agency, the District shall have the right to seek specific performance, injunctive relief and/or other equitable remedies, including compelling the re-sale or re-leasing of an Affordable Unit and the disgorgement of rents and sale proceeds in excess of the rental rates and sale prices permitted hereunder plus ten percent (10%) of such excess amount, for defaults under this Covenant.

6.2 **No Waiver.** Any delay by the Agency in instituting or prosecuting any actions or proceedings with respect to a default hereunder, in asserting its rights or pursuing its remedies hereunder shall not operate as a waiver of such rights.

6.3 **Right to Attorney's Fees.** If the District shall prevail in any such legal action to enforce this Covenant, then Owner, Affordable Unit Tenant, Person or Household against whom the District prevails, shall pay District all of its costs and expenses, including reasonable attorney fees, incurred in connection with District efforts to enforce this Covenant. If OAG is counsel for the District in such legal action, the reasonable attorney fees shall be calculated based on the then applicable hourly rates established in the most current adjusted Laffey matrix prepared by the Civil Division of the United States Attorney's Office for the District of Columbia and the number of hours employees of OAG prepared for or participated in any such action.

## **ARTICLE VII COVENANTS BINDING ON SUCCESSORS AND ASSIGNS**

This Covenant is and shall be binding upon the Property and each Affordable Unit and shall run with the land as of the Effective Date through the Affordability Period. The rights and obligations of District, Developer, Affordable Unit Owner, and their respective successors, heirs, and assigns shall be binding upon and inure to the benefit of the foregoing parties and their respective successors, heirs, and assigns; provided however that all rights of District pertaining to the monitoring and/or enforcement of the obligations of Developer or Affordable Unit Owner hereunder shall be retained by District, or such designee of the District as the District may so determine. No Sale, transfer, or foreclosure shall affect the validity of this Covenant, except as provided in Article VIII.

## ARTICLE VIII MORTGAGES

**8.1 Subordination of Mortgages.** All Mortgages placed against the Property, or any portion thereof, shall be subject and subordinate to this Covenant, except as provided in Section 8.3.3.

**8.2 Amount of Mortgage.** In no event shall the aggregate amount of all Mortgages placed against a For Sale Affordable Unit exceed an amount equal to one hundred five percent (105%) of the Maximum Resale Price for such unit. Prior to obtaining any Mortgage or refinancing thereof, the Affordable Unit Owner shall request from the Agency the then-current Maximum Resale Price for its For Sale Affordable Unit.

**8.3 Default of Mortgage and Foreclosure.**

**8.3.1 Notice of Default.** The Mortgagee shall provide the Agency written notice of any notice of default and notice of intent to foreclose under the Mortgage on the For Sale Affordable Unit. Notwithstanding the foregoing, in no event shall failure to provide such notices preclude the Mortgagee's right to proceed with its remedies for default under the Mortgage.

**8.3.2 Right of Purchase by the District.** The Agency shall have the right to purchase a For Sale Affordable Unit in the event a notice of default or notice of intent to foreclose for a Mortgage in first position was recorded in the Land Records. The purchase price shall be an amount that is the greater of (a) the amount of the debt secured by all Mortgages recorded against the subject For Sale Affordable Unit, including commercially reasonable costs and expenses, if any, incurred by Mortgagee as a result of a default and due and payable by the Affordable Unit Owner under the terms of the Mortgage or (b) the Maximum Resale Price. The Agency shall have thirty (30) days from the date a notice of default or a notice of foreclosure sale was recorded in the Land Records to exercise its option and to purchase the For Sale Affordable Unit. The Agency's right to purchase shall automatically expire upon the transfer of the For Sale Affordable Unit by foreclosure or deed in lieu thereof. The Agency may designate another District of Columbia agency or third party to take title to the For Sale Affordable Unit.

**8.3.3 Termination Upon Foreclosure and Assignment.** In the event title to a For Sale Affordable Unit is transferred following foreclosure by, or deed in lieu of foreclosure to a Mortgagee in first position, or a Mortgage in first position is assigned to the Secretary of HUD, the terms of this Covenant applicable to such unit shall automatically terminate subject to Sections 8.3.4 and 8.4.

**8.3.4 Apportionment of Proceeds.** In the event title to a For Sale Affordable Unit is transferred according to the provisions of Section 8.3.3, the proceeds from such foreclosure or transfer shall be apportioned and paid as follows: first, to the Mortgagee, in the amount of debt secured under the Mortgage, including commercially reasonable costs and expenses, if any, incurred by Mortgagee and due and payable by the Affordable Unit Owner under the terms of the Mortgage; second, to any junior Mortgagees, in the amount of the debt secured under such Mortgages; third, to the For Sale Affordable Unit Owner, up to the amount of the Maximum Resale Price as of the date of such sale or transfer; and fourth, to the District.

8.3.5 *Effect of Foreclosure on this Covenant.* Except as provided in Section 8.3.3, in the event of foreclosure or deed in lieu thereof, this Covenant shall not be released or terminated and the Mortgagee or any Person who takes title to an Affordable Unit through a foreclosure sale shall become a Transferee in accordance with Section 5.8.

8.4 **Assignment of Mortgage to the Secretary of HUD.** In the event a Mortgage recorded in the first position against a For Sale Affordable Unit is assigned to the Secretary of HUD, the following shall occur upon the date of assignment: (a) the District's right to purchase, whether or not such right has been triggered, shall automatically expire and (b) the terms of this Covenant applicable to such unit shall automatically terminate pursuant to Section 8.3.3, except that upon sale of such unit by the For Sale Affordable Owner or foreclosure or deed in lieu thereof, the proceeds of such sale shall be apportioned as provided in Section 8.3.4.

## **ARTICLE IX AMENDMENT OF COVENANT**

Except as otherwise provided herein, neither this Covenant, nor any part hereof, can be amended, modified or released other than as provided herein by an instrument in writing executed by a duly authorized official of the Agency on behalf of the District, and by a duly authorized representative of Owner of such Affordable Unit affected by such amendment. Any amendment to this Covenant that alters the terms and conditions set forth herein shall be recorded among the Land Records before it shall be deemed effective.

## **ARTICLE X AFFORDABILITY PERIOD**

All Affordable Units in the Project shall be sold or leased in accordance with the terms of this Covenant for the "Affordability Period." The "Affordability Period" for each Affordable Unit shall run for the life of the ground lease of the Property. Notwithstanding the foregoing, this Covenant may be released and extinguished upon the approval of the Agency, in its sole and absolute discretion.

## **ARTICLE XI NOTICES**

Any notices given under this Covenant shall be in writing and delivered by certified mail (return receipt requested, postage pre-paid), by hand, or by reputable private overnight commercial courier service to the applicable Person at the addresses specified in this Article, or to such other persons or locations as may be designated by the Agency or the Developer from time to time. All notices to be sent to the Agency shall be sent to the following address:

Director  
Department of Housing and Community Development  
1800 Martin Luther King Jr. Avenue, SE  
Washington, DC 20020

Re: Housing Regulation Administration, Affordable Dwelling Unit Monitoring

All notices to be sent to Developer shall be sent to the address given in the preamble. All notices to be sent to the Affordable Unit Owner shall be sent to the address on record with the District of Columbia Office of Tax and Revenue. All notices to be sent to any Affordable Unit Tenant shall be sent to the unit number referenced in its lease. It shall be the responsibility of the applicable Person and any successor to the applicable Person to provide the Agency with a current address. The failure of the applicable Person to provide a current address shall be a default under this Covenant.

Notices shall be deemed delivered as follows: (i) if hand delivered, then on the date of delivery or refusal thereof; (ii) if by overnight courier service, then on the next business day after deposit with the overnight courier service; and (iii) if by certified mail (return receipt requested, postage pre-paid), then on the date of actual delivery or refusal thereof.

**ARTICLE XII  
MISCELLANEOUS**

**12.1 Applicable Law: Forum for Disputes.** This Covenant shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the District of Columbia, without reference to the conflicts of laws provisions thereof. Owner, Affordable Unit Tenants and the District irrevocably submit to the jurisdiction of the courts of the District of Columbia (including the Superior Court of the District of Columbia) for the purposes of any suit, action, or other proceeding arising out of this Covenant or any transaction contemplated hereby. Owner, Affordable Unit Tenants, and the District irrevocably and unconditionally waive any objection to the laying of venue of any action, suit, or proceeding arising out of this Covenant or the transactions contemplated hereby in the courts of the District of Columbia (including the Superior Court of the District of Columbia), and hereby further waive and agree not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

**12.2 Counterparts.** This Covenant may be executed in any number of counterparts, each of which shall be an original but all of which shall together constitute one and the same instrument.

**12.3 Time of Performance.** All dates for performance (including cure) shall expire at 5:00 p.m. (Eastern Time) on the performance or cure date. A performance date which falls on a Saturday, Sunday or District holiday is automatically extended to the next Business Day.

**12.4 Waiver of Jury Trial.** TO THE EXTENT PERMITTED BY LAW, ALL PARTIES HERETO WAIVE THE RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY LITIGATION ARISING IN RESPECT OF THIS COVENANT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

**12.5 Further Assurances.** Each party agrees to execute and deliver to the other party such additional documents and instruments as the other party reasonably may request in order to fully carry out the purposes and intent of this Covenant; provided that such additional documents and instruments do not materially increase the obligations or burdens upon the second party.

**12.6 Severability.** If any provision of this Covenant is held to be unenforceable or illegal for any reason, said provision shall be severed from all other provisions. Said other provisions shall remain in effect without reference to the unenforceable or illegal provision, unless this construction would constitute a substantial deviation from the general intent of the parties as reflected in this Covenant.

**12.7 Limitation on Liability.** Provided that Owner has exercised reasonable due diligence in the performance of its obligations and duties herein, no Owner shall be liable in the event a Household submits falsified documentation, commits fraud, or breaches any representation or warranty contained in this Covenant. Notwithstanding the foregoing, Owner shall be liable if Owner has knowledge, or should have knowledge, that a Household submitted falsified documentation, committed fraud, or breached any representation or warranty contained in this Covenant.

**12.8 Agency Limitation on Liability.** Any review or approval by the District or the Agency shall not be deemed to be an approval, warranty, or other certification by the District or the Agency as to compliance of such submissions, the Project, any Affordable Unit, or the Property with any building codes, regulations, standards, laws, or any requirements contained in this Covenant or any other covenant granted in favor of the District that is filed among the Land Records; or otherwise contractually required. The District shall incur no liability in connection with the Agency's review of any submissions required under this Covenant as its review is solely for the purpose of protecting the District's interest under this Covenant.

**12.9 No Third Party Beneficiary.** Except as expressly set forth in this Covenant, there are no intended third party beneficiaries of this Covenant, and no Person other than District shall have standing to bring an action for breach of or to enforce the provisions of this Covenant.

**12.10 Representations of Developer.** As of the date hereof, Developer hereby represents and warrants to District as follows:

(a) This Covenant has been duly executed and delivered by Developer, and constitutes the legal, valid, and binding obligation of Developer, enforceable against Developer, and its successors and assigns, in accordance with its terms;

(b) Neither the entering into of this Covenant nor performance hereunder will constitute or result in a violation or breach by Developer of any agreement or order which is binding on Developer; and

(c) Developer (i) is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and is qualified to do business and is in good standing under the laws of the District of Columbia; (ii) is authorized to perform under this Covenant; and (iii) has all necessary power to execute and deliver this Covenant.

**12.11 Federal Affordability Restrictions.** In the event the Property is encumbered by other affordability restrictions ("**Federal Affordability Restrictions**") as a result of federal funding or the issuance of Low-Income Housing Tax Credits for the Project, it is expressly understood and agreed that in the event the requirements in this Covenant would cause a default of or finding of non-compliance ("**Conflict**") with the Federal Affordability Restrictions during the compliance

period for the Federal Affordability Restrictions, then the requirements of the Federal Affordability Restrictions shall control to the extent of the Conflict. In all other instances, the requirements of this Covenant shall control.

*[Signatures on Following Pages]*

**IN TESTIMONY WHEREOF**, Developer has caused these presents to be signed, acknowledged and delivered in its name by \_\_\_\_\_, its duly authorized \_\_\_\_\_, witnessed by \_\_\_\_\_, its \_\_\_\_\_

WITNESS

DEVELOPER

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_ [SEAL]  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CITY OF WASHINGTON

ss.

DISTRICT OF COLUMBIA

I, \_\_\_\_\_, a Notary Public in and for the District of Columbia, DO HEREBY CERTIFY THAT \_\_\_\_\_ who is personally known to be (or proved by oaths of credible witnesses to be) the person named as \_\_\_\_\_ for \_\_\_\_\_ in the foregoing and annexed Affordable Housing Covenant, bearing the date of the \_\_\_\_\_ personally appeared before me in said District of Columbia, and as \_\_\_\_\_, acting on behalf of \_\_\_\_\_, as aforesaid, acknowledged the same to be his/her free act and deed.

Given under my hand and seal this \_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

APPROVED AND ACCEPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_:

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

By: \_\_\_\_\_  
Name:  
Title: Deputy Mayor

LEGAL REVIEW

By: \_\_\_\_\_  
Office of the General Counsel

District of Columbia, ss:

I, \_\_\_\_\_, a Notary Public in and for the District of Columbia, do hereby certify that \_\_\_\_\_, the Deputy Mayor for Planning and Economic Development, on behalf of the District of Columbia, personally appeared before me in said jurisdiction, and, being personally known to me (or satisfactorily proven) to the person whose name is subscribed to the foregoing Affordable Housing Covenant, and that he/she, in such capacity, being authorized to do so, executed the foregoing instrument for the purposes therein contained, and acknowledged the same to be the act and deed of the District of Columbia.

Given under my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public, D.C.

My commission expires: \_\_\_\_\_



**EXHIBIT A**  
**Legal Description of Property**

**[See attached]**

## EXHIBIT B

### Rental Affordable Unit Lease Rider

This Rental Affordable Unit Lease Rider (“Rider”) is attached to and incorporated into the lease dated \_\_\_\_\_ (“Lease”) between \_\_\_\_\_ (“Resident” or “You”) and \_\_\_\_\_, as Management Agent (“Manager”) for \_\_\_\_\_ (“Owner”) for Affordable Unit number \_\_\_\_\_ (“Premises”), located at \_\_\_\_\_, Washington DC \_\_\_\_\_.

In consideration of the mutual covenants set forth in the Lease and below, you agree that your use and possession of the Premises is subject to the terms and conditions set forth in the Lease and the following terms and conditions, which are in addition to and supplement the Lease:

**AFFORDABLE UNIT:** Resident acknowledges that the Premises is subject to that certain Affordable Housing Covenant between Owner and the District of Columbia dated \_\_\_\_\_, 20\_\_\_\_, as may be subsequently amended, (the “Affordable Housing Covenant”). The Premises is currently designated as an Affordable Unit, which requires the Resident’s household income to be less than or equal to [\_\_\_\_] of the median family income (MFI) or area median income (AMI).

**DEFINED TERMS:** Those terms not specifically defined herein shall be assigned the definition provided in the Affordable Housing Covenant.

**ELIGIBILITY:** In order for you, as Resident, to be eligible to rent an Affordable Unit, you must be and remain an “Affordable Unit Tenant” as defined in the Affordable Housing Covenant.

**INCOME RECERTIFICATION:** No more than ninety (90) days and no less than forty-five (45) days before each anniversary of the first day of the lease, the Manager shall request that the Resident provide the Certifying Entity with the following:

- (i) an executed Declaration of Eligibility that states that Resident is not an Over-Income Tenant and is and will continue to occupy the Premises as his/her/their principal residence,
- (ii) all information pertaining to the Resident’s household composition and documentation of income for all household members,
- (iii) a release authorizing third party sources to provide relevant information regarding the Resident’s eligibility for the Affordable Unit, as well as how to contact such sources, and
- (iv) any other reasonable and customary representations, information or documents requested by the Certifying Entity.

Resident shall submit the foregoing listed documentation to the Certifying Entity within fifteen (15) days of Manager’s request. Within ten (10) days of Certifying Entity’s receipt of the foregoing documentation and based on the results of the annual income recertification review, Certifying Entity will determine whether the Resident remains income eligible for the Premises and notify the Resident of his or her household’s MFI percentage, and (a) if the Resident is no longer income eligible for the Premises, the income category for which the Resident is income eligible to lease a unit in the apartment community, or (b) if the Resident is income eligible for the Premises, provide a Certification of Income, Affordability and Housing Size completed by the Certifying Entity, verifying that the income of the Resident meets income eligibility for the Premises.

Upon annual recertification, if the Resident remains income eligible for the Premises, the Resident will be eligible to remain in the Premises at the time of lease renewal and to renew his/her lease at the then-current lease rate for the Premises. If the Resident's Annual Household Income is determined to exceed 140% of the Maximum Annual Household Income applicable to the Premises, then the Resident shall be deemed an "Over-Income Tenant" as provided in the Covenant and may either (a) remain in the Premises and pay the rent applicable to an Affordable Unit at a higher Designated Affordability Level for which the Resident's Annual Household Income qualifies, if available at the Property, or (b) if an Affordable Unit at a higher Designated Affordability Level is not available at the Property, remain in the Premises and pay the rent applicable to a market-rate unit of like size and location.

Manager will notify Resident of all options (i.e., an Affordable Unit at a different Designated Affordability Level or a market rate unit) for which Resident is income eligible at least      days prior to the expiration of the Resident's lease term. Prior to the expiration of the Resident's lease term, the Resident shall notify Manager in writing of the Resident's election to either (i) remain in the Premises and pay the rental rate applicable to the Resident's then current Designated Affordability Level if the Resident is not an Over-Income Tenant, (ii) remain in the Premises paying the market rate rent for that unit if the Resident is an Over-Income Tenant, or (iii) vacate the Premises at the end of the Resident's Lease term. Resident's failure to notify Manager of Resident's election prior to the expiration of the lease term will be deemed by Manager as Resident's election to vacate the Premises.

In the event that Resident fails to pay the applicable rental rate or vacate the Premises upon expiration of the lease term, Manager may pursue an action for eviction of Resident. Resident's agreement to pay the applicable rental rate or vacate was a condition precedent to Manager's initial acceptance of Resident's eligibility and Manager has relied on Resident's agreement. Resident acknowledges and agrees that the criteria to be income eligible to occupy the Premises is and serves as a District policy and objective, and that failure to vacate the Premises or pay the applicable rental rate is both a default under the Lease and in violation of the Affordable Housing Covenant.

**PROHIBITION ON SUBLETS AND ASSIGNMENTS:** Resident may not sublease all or any portion of the Premises or assign its lease to any other person, except with the prior written consent of the D.C. Department of Housing and Community Development, in its sole and absolute discretion. This prohibition includes short-term renting to, or permitting occupancy by, persons who are not members of Tenant's household, of all or a portion of the Premises, either directly or through services such as "AirBnb" or other rental agency providers.

**LEASE EFFECTIVE:** The Lease of the Premises shall only be effective if this executed Rider, a Certification of Income, Affordability and Housing Size, a Declaration of Eligibility are attached as exhibits to the lease agreement.

\_\_\_\_\_  
Resident Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident Signature

\_\_\_\_\_  
Date

**EXHIBIT C**

**Affordable Unit Index**

## SCHEDULE 1

### Provisions Governing Calculation of Maximum Resale Price

1. The Maximum Resale Price (“MRP”) for a subsequent sale of a For Sale Affordable Unit shall be determined through use of the formula  $MRP = P \times (F) + V$  (“Formula”), where:

- (a) P = the price Owner paid for the Affordable Unit;
- (b) V = the sum of the value of the Eligible Capital Improvements and Eligible Replacement and Repair Costs, as determined by the Agency pursuant to this section; and
- (c) F = the average of the Ten Year Compound Annual Growth Rates of the Median Family Income (“MFI”) from the first year of ownership of the For Sale Affordable Unit to the year of the sale of the For Sale Affordable Unit by the Affordable Unit Owner. This average may be expressed:
  - (1) As the result of the formula  $F = (1 + [((MFI \text{ Year } m / MFI \text{ Year } m-10)^{(1/10) - 1} + \dots + ((MFI \text{ Year } k / MFI \text{ Year } k-10)^{(1/10) - 1}) / n])^{1/n}$ , where m = the year after the Affordable Unit was purchased by Owner, k = the year in which the Affordable Unit is sold by Owner, and n = the number of years the Affordable Unit is owned by Owner; or
  - (2) As published by the Agency.

2. For the purposes of determining the value of “V” in the Formula, the following improvements made to a For Sale Affordable Unit after the date of purchase may be included at the percentage of cost indicated, to the extent they are permanent in nature and add to the market value of the property:

- (a) Eligible Capital Improvements, which will be valued at 100% of reasonable cost, as determined by the Agency; and
- (b) Eligible Replacement and Repair Costs, which shall be valued at 50% of reasonable cost, as determined by the Agency.

3. Ineligible costs shall not be included in the determining the value of “V” in the Formula.

4. The value of improvements may be determined by the Agency based upon documentation provided by the Affordable Unit Owner or, if not provided, upon a standard value established by the Agency.

5. The Agency may disallow an Eligible Capital Improvement or Eligible Replacement and Repair Cost if the Agency finds that the improvement diminished or did not increase the fair

market value of the For Sale Affordable Unit or if the improvements make the Affordable Unit unaffordable to all Qualified Purchasers at the Designated Affordability Level .

6. The Agency may reduce the value of a capital improvement if there is evidence of abnormal physical deterioration of, or abnormal wear and tear to, the capital improvement.

7. Owner shall permit a representative of the Agency to inspect the For Sale Affordable Unit upon request to verify the existence and value of any capital improvements that are claimed by Owner.

8. No allowance shall be made in the Maximum Resale Price for the payment of real estate brokerage fees associated with the sale of the For Sale Affordable Unit.

9. The value of personal property transferred to a purchaser in connection with the resale of a For Sale Affordable Unit shall not be considered part of the sales price of the For Sale Affordable Unit for the purposes of determining whether the sales price of the For Sale Affordable Unit exceeds the MRP.

10. Any capitalized terms used in this Schedule that are not defined herein shall have the meanings set forth in the Covenant. As used in this Schedule, the following capitalized terms shall have the meanings indicated below:

**Eligible Capital Improvement:** major structural system upgrades, special assessments, new additions, and improvements related to increasing the health, safety, or energy efficiency of an Affordable Unit. Such improvements generally include: (i) major electrical wiring system upgrades; (ii) major plumbing system upgrades; (iii) room additions; (iv) installation of additional closets and walls; (v) alarm systems; (vi) smoke detectors; (vii) removal of toxic substances, such as asbestos, lead, mold, or mildew; (viii) insulation or upgrades to double-paned windows or glass fireplace screens; and (ix) upgrade to Energy Star built-in appliances, such as furnaces, water heaters, stoves, ranges, dishwashers, and microwave hoods. Improvements that meet these criteria will be given 100% credit by the Agency.

**Eligible Replacement and Repair Cost:** in-kind replacement of existing amenities and repairs and general maintenance that keep an Affordable Unit in good working condition. Such improvements generally include: (i) electrical maintenance and repair, such as switches and outlets; (ii) plumbing maintenance and repair, such as faucets, supply lines, and sinks; (iii) replacement or repair of flooring, countertops, cabinets, bathroom tile, or bathroom vanities; (viii) non-Energy Star replacement of built-in appliances, including furnaces, water heaters, stoves, ranges, dishwashers, and microwave hoods; (ix) replacement of window sashes; (x) fireplace maintenance or in-kind replacement; (xi) heating system maintenance and repairs; and (xii) lighting system. Costs that meet these criteria will be given 50% credit for repairs as determined by the Agency.

**Ineligible Costs:** means costs of cosmetic enhancements, installations with limited useful life spans and non-permanent fixtures not eligible for capital improvement credit as determined by the Agency. These improvements generally include: (i) cosmetic enhancements such as fireplace tile and mantel, decorative wall coverings or hangings, window treatments (blinds, shutters,

curtains, etc.), installed mirrors, shelving, refinishing of existing surfaces; (ii) non-permanent fixtures, such as track lighting, door knobs, handles and locks, portable appliances (refrigerator, microwave, stove/ oven, etc.); and (iii) installations with limited useful life spans, such as carpet, painting of existing surfaces, window glass and light bulbs.

**EXHIBIT C**

**AFFORDABLE HOUSING PLAN**

30% of the residential units within the Ground Lease Property shall be affordable according to D.C. Official Code §10-801 and the Affordable Housing Covenant.



**EXHIBIT F**

DEVELOPMENT AND COMPLETION GUARANTY

THIS DEVELOPMENT AND COMPLETION GUARANTY (this “**Guaranty**”) is made as of \_\_\_\_\_, 20\_\_ (“**Effective Date**”), by \_\_\_\_\_ (the “**Guarantor**”), for the benefit of the District of Columbia, a municipal corporation, acting by and through the Office of the Deputy Mayor for Planning and Economic Development (the “**District**”).

RECITALS:

WHEREAS, District and \_\_\_\_\_ (“**Developer**”) have entered into a certain Land Disposition and Development Agreement, dated as of \_\_\_\_\_, 20\_\_ (the “**Development Agreement**”), pursuant to which, among other things, District has agreed to lease the Property to Developer at Closing (as defined in the Development Agreement), and Developer has agreed to develop the Project on the Property.

WHEREAS, the continuing obligations of Developer to develop and construct the Project as contemplated by the Development Agreement are set forth in a certain Construction and Use Covenant of even date herewith between District and Developer (as may be amended from time to time, the “**Construction Covenant**”) being recorded on or about the date hereof among the land records of the District of Columbia as an encumbrance on the Property.

WHEREAS, to induce District to proceed to Closing and lease the property to Developer, Guarantor has agreed to guaranty the Guaranteed Obligations (as herein defined).

NOW, THEREFORE, in consideration of the premises, the mutual covenants contained herein and other good and valuable consideration in hand paid, the receipt and sufficiency of which are hereby acknowledged, Guarantor hereby agrees as follows:

1. **Recitals; Definitions.**

1.1 The foregoing recitals are true and correct and are incorporated into this Guaranty by this reference and made a material part of this Guaranty.

1.2 Capitalized terms used and not defined in this Guaranty shall have the meanings attributed to them in the Construction Covenant.

2. **Representations and Warranties.**

2.1 Guarantor represents and warrants to District as follows:

(a) the making and performance of this Guaranty by Guarantor will not result in any breach of any term, condition, or provision of, or constitute a default under, any contract, agreement, or other instrument to which Guarantor is a party or by which it is bound, or result in a breach of any regulation, order, writ, injunction, or decree of any court or any commission, board, or other administrative agency entered in any proceeding to which Guarantor is a party or by which it is bound;

(b) Guarantor has reviewed, with the advice and benefit of its legal counsel, the terms and provisions of the Development Agreement, this Guaranty, the Construction Covenant, the Schedule of Performance, the Approved Plans and Specifications, and the documents referenced in each of the foregoing;

(c) Guarantor (if Guarantor is not a natural person) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and is duly qualified to do business, and is in good standing, in the District of Columbia;

(d) Guarantor has been duly authorized to carry on its business, and to hold title to and own the property it owns, to execute, deliver, and perform this Guaranty, and to consummate the transactions contemplated hereby and thereby;

(e) this Guaranty has been duly authorized, executed and delivered by Guarantor, and this Guaranty, and each term and provision hereof is the legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms;

(f) no actions, suits, or proceedings are pending or, to Guarantor's knowledge, threatened against or affecting Guarantor before any governmental authority which could, if adversely decided, result in a material adverse change in the financial condition of Guarantor (in comparison to any state of affairs existing before the Effective Date) or of the ability of Guarantor to perform, or of District to enforce, any provision of this Guaranty;

(g) no consent, approval, or authorization of, or registration, declaration, or filing with, any governmental authority or any other Person is required that has not been obtained in writing by Guarantor, in connection with the execution, delivery, and performance by Guarantor of this Guaranty and the transactions contemplated by this Guaranty;

(h) Guarantor is not insolvent (as such term is defined or determined for purposes of Bankruptcy Reform Act of 1978 (11 U.S.C. § 101-1330), as amended or recodified or any other bankruptcy law (collectively, the "**Bankruptcy Code**")), and the execution and delivery of this Guaranty will not make Guarantor insolvent;

(i) neither this Guaranty nor any financial information, certificate, or statement furnished to District by or on behalf of Guarantor contains any untrue statement of a material fact or intentionally or knowingly omits to state a material fact necessary to make the statements herein and therein, in the light of the circumstances under which they are made, not misleading;

(j) no conditions exist which would prevent Guarantor from complying with the provisions of this Guaranty within the time limits set forth herein and/or in the Construction Covenant, as may be extended or deemed extended pursuant to the terms thereof;

(k) Guarantor has filed all tax returns and reports required by law to have been filed by it, and has paid all taxes, assessments, and governmental charges levied upon it or any of its assets which are due and payable, except any such taxes or charges which are being

contested in good faith by appropriate proceedings and for which adequate reserves have been set aside;

- (l) there are no conditions precedent to the effectiveness of this Guaranty;
- (m) Guarantor is not a Prohibited Person;
- (n) Guarantor is deriving a material financial benefit from District entering into the Development Agreement and the Covenant with Developer; and
- (o) all financial statements delivered to District at any time by or on behalf of Guarantor (i) are true and correct in all material respects, (ii) fairly present in a manner consistent with prior statements submitted to District the respective financial conditions of the subjects thereof and for the periods referenced therein, and (iii) have been prepared in accordance with generally accepted accounting principles (if Guarantor is not a natural person) (or other accounting principles as District may agree) consistently applied, and there has been no material adverse change in the financial position of such Guarantor since the respective dates of (or periods covered by) such statements, and without limiting the foregoing, all assets shown on such financial statements, unless clearly designated to the contrary on such financial statements, (A) are free and clear of any exemption or any claim of exemption of Guarantor or any other Person, (B) accurately reflect all debt and prior pledges or encumbrances (direct or indirect) of or on any of Guarantor's assets at the date of the financial statements and at all times thereafter, and (C) are owned individually by Guarantor and not jointly with any spouse or other Person.

2.2 Guarantor agrees that all of the representations and warranties of Guarantor in this Guaranty are made and shall be true as of the Effective Date and shall survive the execution and delivery of this Guaranty. Guarantor shall inform District in writing within five (5) Business Days upon its discovering any breach of such representations or warranties.

2.3 Guarantor acknowledges that District is consummating the Closing in reliance upon the representations, warranties, and agreements contained in this Guaranty. District shall be entitled to such reliance notwithstanding any investigation which has been made, has not been made, or may be conducted by District or on District's behalf.

3. **Guaranteed Obligations.** Guarantor hereby absolutely and unconditionally guarantees to District and its successors and assigns: (i) the Commencement of Construction and prosecution of construction through Final Completion of the Project pursuant to the terms and conditions of the Construction Covenant and within the time period allotted therefor in the Schedule of Performance; (ii) the Property and the Improvements shall be kept free and clear of all liens (other than liens in favor of an Approved Mortgagee), claims of lien and other claims connected with or arising out of the construction or completion of the Project; (iii) the payment in full of all amounts due to any contractor, subcontractor, materialman, laborer, any employee or other Person who is engaged at any time in work or supplying materials in connection with the Project if and to the extent not paid by Developer; (iv) any obligation of the Developer under the Construction Covenant to indemnify, defend, and hold harmless District; and (v) the enforcement of this Guaranty by District (including, without limitation, reasonable attorneys' fees), which obligations shall survive the release of this Guaranty (collectively, the "**Guaranteed**

**Obligations”).** The Guaranteed Obligations described in (ii) – (v) above shall survive the release or expiration of this Guaranty.

4. **Liens.** If any mechanic's or materialmen's liens should be filed, or should attach, against the Property with respect to the Project and if such mechanic's or materialmen's liens have not been removed by Developer or released or waived by the party filing same as required by the terms of the Construction Covenant, within thirty (30) days after Guarantor is advised by District of the filing of such liens, Guarantor shall take, or cause to be taken, action to cause the removal, release or waiver of such liens, including, if necessary, the posting of a bond or other security against the consequences of their possible judicial enforcement. So long as Guarantor timely complies with the immediately preceding sentence, Guarantor shall have the right to contest in good faith any claim, lien, or encumbrance, provided that Guarantor does so diligently and without prejudice to District.

5. **Financial Statements.**

5.1 If Guarantor is not a natural person, within ninety (90) days after the end of Guarantor's fiscal year, Guarantor shall deliver to District a copy of such Guarantor's balance sheet, income statement, and statement of changes in financial position for such fiscal year (collectively, the "**Corporate Financial Statements**"). The Corporate Financial Statements shall (a) include a schedule of all material contingent liabilities and all other notes and schedules relating thereto, (b) be in a form reasonably satisfactory to District, (c) be prepared in accordance with generally accepted accounting principles (or other accounting principles as District may agree) consistently applied, (d) if audits are done in the regular course of Guarantor's business, be audited by an independent, certified public accountant who is a member of the American Institute of Certified Public Accountants and otherwise acceptable to District, and (e) be accompanied by a certification of Guarantor to District (made by the chief financial officer in the case of any corporate Guarantor) that such Corporate Financial Statements (i) have been prepared in accordance with generally accepted accounting principles (or other accounting principles as District may agree) consistently applied, (ii) accurately present the financial condition of such Guarantor as of the respective dates thereof, and (iii) show all direct and contingent material liabilities of Guarantor as of such dates.

5.2 If the Guarantor is a natural person, within thirty (30) days after the end of each calendar year, Guarantor shall deliver to District a copy of Guarantor's financial statement as of the end of such calendar year. Each such financial statement shall (a) include a statement of assets and liabilities, including a schedule of all material contingent liabilities and all other notes and schedules relating thereto, (b) be in a form reasonably satisfactory to District, (c) be accompanied by a certification of Guarantor to District that such financial statement accurately presents the financial condition of Guarantor as of the respective dates thereof, and (d) show all direct and contingent material liabilities of Guarantor as of such dates.

5.3 From time to time promptly after District's request, Guarantor shall deliver to District such additional information, reports and statements regarding its business operations reasonably related to the Project or the financial condition of Guarantor as District may reasonably request.

**6. Nature of Guaranty; Independent Obligation.** This is a direct, absolute, and unconditional, guaranty of completion, and is a guaranty of payment and performance, not of collection. The obligations of Guarantor under this Guaranty are independent and primary, and District shall not be required to take any action against Developer, any Approved Mortgagee, or any other Person or resort to any other collateral or security given for the performance of Developer as a precondition to the obligations of each Guarantor under this Guaranty. Guarantor hereby waives any rights it may have to compel District to proceed against Developer, or any security, or to participate in any security for Guarantor's obligations hereunder, even though any rights which such Guarantor may have against Developer or others may be destroyed, diminished or otherwise affected by such action or lack thereof. Neither the declaration of a Developer Default, nor the exercise of any remedies against Developer, shall in any way affect Guarantor's responsibility for the obligations guaranteed hereunder, even though any rights which Guarantor may have against Developer or others may be destroyed, diminished or otherwise affected by such action. To the fullest extent permitted by law, this Guaranty shall be construed as a continuing, absolute, and unconditional guaranty of performance without regard to: (a) the legality, validity, or enforceability of any of the Construction Covenant, or any of the obligations of Developer evidenced thereby; (b) any defense, setoff, or counterclaim that may be available at any time to Developer or any other Person against and any right of setoff at any time held by District (including, without limitation, any defense, setoff, or counterclaim by Guarantor under this Guaranty); or (c) any other circumstances whatsoever (with or without notice to or knowledge of Guarantor), whether or not similar to any of the foregoing, that constitutes or might be construed to constitute an equitable or legal discharge of Developer or any other Person in bankruptcy or in any other instance.

**7. No Release or Waiver of Obligations; Consents.**

7.1 No action which Developer or District may take or omit to take in connection with the Project, nor any course of dealing with Developer or any other Person, shall release Guarantor's obligations hereunder or affect this Guaranty in any way, even if any such action may otherwise be deemed a legal or equitable discharge of a guarantor or surety. By way of example, but not in limitation of the foregoing, Guarantor hereby expressly agrees that District may, from time to time, and without notice to Guarantor, but with the written prior agreement of Developer, which shall not, in any case discharge or impair Guarantor's obligations or any rights against Guarantor:

- (a) amend, change, or modify, in whole or in part, the Construction Covenant;
- (b) waive any terms, conditions, or covenants of the Construction Covenant, or grant any extension of time or forbearance for performance of the same;
- (c) compromise or settle any amount or any matter in dispute under the Construction Covenant or other document;
- (d) surrender, release, or subordinate any or all security for the Construction Covenant, or accept additional or substituted security therefor;

(e) extend the time of payment or performance of any obligations under the Construction Covenant or any other document;

(f) exercise its rights and remedies under the Construction Covenant or any other document;

(g) approve, disapprove, inspect, review, or fail to inspect or review, the progress, status, or quality of construction or any costs, expenses, financing, contracts, or other matters relating thereto; and

(h) release, substitute, or add guarantors to guaranty performance of the obligations under the Construction Covenant or any other document.

7.2 Guarantor consents and agrees that District may, at any time and from time to time, without notice or demand, and without affecting the enforceability or continuing effectiveness hereof: (a) supplement, modify, amend, extend, renew, accelerate, or otherwise change the time for performance or the terms of the Construction Covenant or any part thereof; (b) supplement, modify, amend, or waive, or enter into or give any agreement, approval, or consent with respect to the Project or the Construction Covenant, or any additional security or guaranties, or any condition, covenant, default, remedy, right, representation, or term thereof or thereunder; (c) accept new or additional instruments, documents, or agreements in exchange for or relative to the Construction Covenant, or any part thereof or performance pursuant thereto; (d) accept partial payments on, or performance of, the obligations owed to District and apply any and all payments or recoveries from Component Developer or any other Person to such of the obligations owed to District as District may elect in its sole discretion; (e) receive and hold additional security or guaranties for the obligations owed to District or any part thereof; (f) release, reconvey, terminate, waive, abandon, fail to perfect, subordinate, exchange, substitute, transfer, or enforce any security or guaranties, and apply any security and direct the order or manner of sale thereof as District may elect in its sole and absolute discretion may determine; (g) release any Person from any personal liability with respect to the obligations owed to District or any party thereof; (h) settle, release on terms satisfactory to District, as the case may be, or by operation of applicable law or otherwise, liquidate or enforce any obligations owed to District and any security or guaranty in any manner, consent to the transfer of any security and bid and purchase at any sale (other than by reason of the timely and full payment and performance of all obligations owed to District); (i) consent to the merger, change of any other restructuring or termination of the corporate existence of Developer or any other Person and correspondingly restructure the obligations owed to District, and any such merger, change, restructuring, or termination shall not affect the liability of such Guarantor or the continuing effectiveness hereof, or the enforceability thereof with respect to all or any part of the obligations owed to District; (j) assign the rights to this Guaranty to another Person; or (j) otherwise deal with Developer or any other Person as District may elect in its sole discretion.

## **8. Bankruptcy; Relief from Automatic Stay.**

8.1 The release or discharge of Developer, Guarantor, or any other Person from any obligation in any receivership, bankruptcy, winding-up or other creditor proceeding shall not affect the validity of this Guarantor or of Guarantor's obligations hereunder.

8.2 If (i) a Developer Default has occurred under the Construction Covenant and (ii) the automatic stay imposed by the applicable provisions of the Bankruptcy Code, or under any other applicable law, against the exercise of the rights and remedies otherwise available to creditors of Developer is deemed by the court having jurisdiction to apply to Guarantor who is not in bankruptcy so that Guarantor is not permitted to perform its obligations under this Guaranty and/or District may not immediately enforce the terms of this Guaranty or exercise such other rights and remedies against Guarantor as would otherwise be provided by law, District shall immediately be entitled, and Guarantor hereby consents, to relief from such stay, and Guarantor hereby authorizes and directs District to present this Guaranty to the applicable court to evidence such agreement and consent.

## 9. **Waivers.**

9.1 To the fullest extent the Guarantor may do so under applicable law, Guarantor expressly waives notice of acceptance of this Guaranty or the right to enforce any of the terms of the Construction Covenant, or any liability under this Guaranty. District shall not be required to give any notice to Guarantor hereunder in order to preserve or enforce District's rights hereunder (including, without limitation, notice of any Developer Default under the Construction Covenant or other documents evidencing and securing the obligations of Developer thereunder), any such notice being expressly waived by Guarantor.

9.2 Guarantor agrees that District shall have no duty to disclose to Guarantor any information it receives or have reasonably available to it regarding the financial status of Developer, or any contractor, subcontractor or materialmen involved in the construction of the Project, or any information relating to the Project, whether or not such information indicates that the risk that Guarantor may be required to perform hereunder has been or may be increased. Guarantor assumes full responsibility for being and keeping informed of all such matters.

9.3 In addition to the foregoing, Guarantor expressly waives the following defenses:

(a) lack of validity, genuineness, or enforceability of any provision of any of the Development Agreement, the Construction Covenant, or any other agreement between District, Developer, Guarantor or any other Person;

(b) the incapacity, lack of authority, death, or disability of any Person or the failure of District to file or enforce a claim against the estate of any Person in any administrative, bankruptcy, or other proceeding;

(c) the election of remedies by District, whether or not such election may affect in any way the recourse, subrogation, or other rights of Guarantor against Developer or any other Person in connection with the Guaranteed Obligations;

(d) the negligence of District in administering or overseeing the Project or any part thereof, or taking or failing to take any action in connection therewith;

(e) any change to the Approved Plans and Specifications, the Development Agreement, the Schedule of Performance, the Construction Covenant, or any of the documents referenced in any of the foregoing made without the consent or knowledge of Guarantor;

(f) the unenforceability or invalidity of any security or guaranty for the Guaranteed Obligations or the lack of perfection or continuing perfection or failure of priority of any security for the Guaranteed Obligations;

(g) the failure of District to marshal assets in favor of Developer or any other Person;

(h) the failure of District to give notice or sale or other disposition of any collateral (now or hereafter securing the obligations of any Person) to Developer or any other Person, as applicable, or any defect in any notice that may be given in connection with any sale or disposition of collateral or to comply with applicable law or other requirements in connection with the sale or other disposition of any collateral or other security for any obligation owed to District;

(i) any act or omission of District, or others, that directly or indirectly results in or aids the discharge or release of Developer or any other Person, or the Guaranteed Obligations or any security or guaranty therefor by operation of law or otherwise (other than by reason of the timely performance of all Guaranteed Obligations);

(j) any applicable law or other laws or requirements of the District of Columbia or other states which provides that the obligation of a surety or guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or which reduces a surety's or guarantor's obligation in proportion to the principal obligation, including, without limitation, all rights and benefits under the laws of the District of Columbia purporting to reduce Guarantor's obligation in proportion to the obligation of the principal;

(k) the avoidance of any lien in favor of District for any reason;

(l) all rights or defenses Guarantor may have by reason of protection afforded to a principal with respect to the Guaranteed Obligations pursuant to applicable law or other laws of the District of Columbia or other states limiting or discharging the principal's obligations; and

(m) any defense based on any other circumstances whatsoever (with or without notice to or knowledge of Guarantor), whether or not similar to any of the foregoing, that constitutes or might be construed to constitute an equitable or legal discharge of Developer or any other Person in bankruptcy or in any other instance.

#### 10. **Rights Upon Default.**

10.1 Upon the occurrence and during the continuance of (a) any failure by Guarantor in the performance of the Guaranteed Obligations, (b) the dissolution or insolvency of Guarantor, (d) the inability of Guarantor to pay its debts as they mature, (d) a general assignment by Guarantor for the benefit of creditors, (e) the institution of any proceeding by or against



Guarantor in bankruptcy or for a reorganization or an arrangement with creditors, or for the appointment of a receiver, trustee, or custodian for Guarantor or its properties that is not dismissed or stayed within one hundred twenty (120) days after Guarantor's receipt of notice of filing, (f) the falsity in any material respect of or any material omission in any representation made to District by Guarantor, or (g) any other default by Guarantor of any other obligations owed to District by Guarantor under this Guaranty (a "**Guarantor Default**"), District shall have such rights and remedies available to it as permitted by law and in equity and may enforce this Guaranty in accordance with the terms hereof, independently of any other remedy or security District at any time may have or hold in connection with the Guaranteed Obligations as to Developer, and it shall not be necessary for District to marshal assets in favor of Developer, Guarantor, or any other Person or to proceed upon or against and/or exhaust any security or remedy before proceeding to enforce this Guaranty in accordance with the terms hereof. Additionally, Guarantor agrees that during the continuance of any Guarantor Default, District may, without the consent of or notice to Guarantor, take or refrain from taking such other action to enforce the provisions of this Guaranty against Guarantor as it may from time to time determine in its sole discretion as to any obligations then unperformed.

10.2 Guarantor absolutely, irrevocably and unconditionally, and jointly and severally (if multiple Guarantors), agrees to the fullest extent permitted by law, to indemnify, defend, and hold harmless District from any and all loss, cost, liability, and expense arising out of or in connection with (a) any Guarantor Default and (b) the enforcement of this Guaranty by District (including, without limitation, reasonable attorneys' fees).

10.3 Guarantor shall immediately, upon demand therefor, reimburse District for any and all expenditures incurred by District under this Section 10, plus interest thereon at the rate of the lesser of fifteen percent (15%) per annum or (b) the highest rate permitted by applicable law, until all sums are paid to District.

10.4 Guarantor agrees that District and Developer or any other Person may deal with each other in connection with the Guaranteed Obligations or otherwise, or alter any contracts or agreements now or hereafter existing between them, in any manner whatsoever, all without in any way altering or affecting the security of this Guaranty. District's rights hereunder shall be reinstated and revived and the enforceability of this Guaranty shall continue with respect to any amount at any time paid on account of the Guaranteed Obligations, which thereafter shall be required to be restored or returned by District upon the bankruptcy, insolvency, or reorganization of Developer or any other Person, or for any other reason, all as though such amount had not been paid. The rights of District created or granted herein and the enforceability of this Guaranty at all times shall remain effective even though the Guaranteed Obligations, including any part thereof or any other security or guaranty therefor, may be or hereafter may become invalid or otherwise unenforceable as against Developer.

11. **Cumulative Rights.** The exercise by District of any right or remedy hereunder, under the Construction Covenant, any other documents executed by District and Developer, or at law or in equity, shall not preclude the concurrent or subsequent exercise of any other right or remedy. District shall have all rights, remedies, and recourses afforded to District by reason of this Guaranty, the Construction Covenant, any other documents executed between District and Developer, or by law or equity or otherwise, and the same (a) shall be cumulative and

concurrent; (b) may be pursued separately, successively, or concurrently against Guarantor or others obligated for the Guaranteed Obligations, or any part thereof, or against any one or more of them, at the sole and absolute discretion of District; (c) may be exercised as often as occasion therefor shall arise, it being agreed by Guarantor that the exercise of, discontinuance of the exercise of, or failure to exercise any of such rights, remedies, or recourses shall in no event be construed as a waiver or release thereof or of any other right, remedy, or recourse; and (d) are intended to be and shall be nonexclusive. No waiver of any default on the part of Guarantor or of any breach of any of the provisions of this Guaranty or of any other document shall be considered a waiver of any other or subsequent default or breach, and no delay or omission in exercising or enforcing the rights and powers granted herein or in any other document shall be construed as a waiver of such rights and powers, and no exercise or enforcement of any rights or powers hereunder or under any other document shall be held to exhaust such rights and powers, and every such right and power may be exercised from time to time. The granting of any consent, approval, or waiver by District shall be limited to the specific instance and purpose therefor and shall not constitute consent or approval in any other instance or for any other purpose. No notice to or demand on Guarantor in any case shall of itself entitle such Guarantor to any other or further notice or demand in similar or other circumstances.

12. **Statute of Limitations and Other Laws.** Until the Guaranteed Obligations have been irrevocably paid and/or performed in full, all of the rights, privileges, powers, and remedies granted to District hereunder shall continue to exist and may be exercised by District at any time and from time to time, irrespective of the fact that any of the Guaranteed Obligations may have become barred by any statutes of limitations. Guarantor expressly waives the benefit of any and all statutes of limitations, and any and all laws providing for exemption of property from execution or for valuation and appraisal upon foreclosure, and any and all rights and benefits, if any, arising under the laws of the District of Columbia. Furthermore, Guarantor acknowledges that any claims brought by District that arise under or as a result of this Guaranty are not subject to the statute of limitations contained in D.C. Official Code § 12-301, as amended.

13. **Indemnification.** Guarantor agrees to indemnify and hold harmless District for all reasonable, direct, and out-of-pocket costs and expenses, including, without limitation, all court costs, reasonable attorneys' fees and expenses, and costs of collection incurred or paid by District arising out of or in connection with (a) the Guaranteed Obligations and (b) the enforcement of this Guaranty by District. Notwithstanding the foregoing, Guarantor shall not have any obligation to indemnify District for any costs and expenses, including, without limitation, all court costs, reasonable attorneys' fees and expenses, if Guarantor should prevail in an enforcement action; provided, further, the immediately preceding proviso clause shall not be deemed to release Guarantor from its indemnification obligations under this Guaranty if District prevails against Guarantor in any enforcement action notwithstanding the fact that District may not have prevailed against Guarantor in a previous enforcement action.

14. **No Limitation of Obligations.** To the fullest extent Guarantor may do so under applicable law, Guarantor agrees that it shall make no claim or setoff, defense, recoupment, or counterclaim of any sort whatsoever against District, nor shall Guarantor seek to impair, limit, or defeat in any way its obligations hereunder. To the fullest extent Guarantor may do so under

applicable law, Guarantor hereby waives any right to such a claim in limitation of its obligations hereunder.

15. **No Right of Subrogation.** Until all of the Guaranteed Obligations are fully paid, performed and/or fulfilled, Guarantor agrees solely with respect to itself that it: (i) shall have no right of subrogation against Developer by reason of any payments or acts of performance by Guarantor in compliance with the obligations of Guarantor under this Guaranty; (ii) waives any right to enforce any remedy which Guarantor now or hereafter shall have against Developer by reason of any payment or act of performance in compliance with the obligations of Guarantor hereunder; and (iii) subordinates any present or future, liquidated or unliquidated, liability, indebtedness, or obligation of Developer to Guarantor, irrespective of the respective dates of the incurrence, accrual, or maturity thereof, to the indebtedness and obligations of Developer to District under the Construction Covenant.

16. **No Assignment or Delegation; Merger.** Except in connection with an assignment of the Construction Covenant permitted pursuant to the terms thereof or otherwise approved by District, Guarantor shall not assign or delegate its obligations under this Guaranty. If Guarantor is not a natural person and is merged into or with any other company, firm or corporation, the resulting merged company, firm or corporation shall become liable as a Guarantor under this Guaranty to the same extent as the original named Guarantor hereunder.

17. **Choice of Law and Consent to Jurisdiction.** This Guaranty shall, in all respects, be governed by and construed in accordance with the laws of the District of Columbia, without reference to its conflicts of law principles. Guarantor hereby consents to jurisdiction of the federal or local jurisdiction courts within the District of Columbia for purposes of such litigation and waives any right it may have to seek a change of venue of such proceedings. Guarantor further agrees not to assert in any action, suit or proceeding arising out of or relating to the Construction Covenant that Guarantor is not personally subject to the jurisdiction of such courts, that the action, suit, or other proceeding is brought in an inconvenient forum, or that the venue of the action, suit, or other proceeding is improper. Guarantor agrees that service of process may be made, and personal jurisdiction over Guarantor obtained, by serving a copy of the summons and complaint upon Guarantor at the notice address set forth below in accordance with the applicable laws of the District of Columbia. Nothing herein contained, however, shall prevent District from bringing any action or exercising any right against Guarantor within any other jurisdiction or state. Initiating such proceeding or taking such action in any other jurisdiction or state shall not, however, constitute a waiver of the agreement herein contained that the laws of the District of Columbia shall govern the rights and obligations of the parties hereunder. Guarantor agrees that District may, and Guarantor agrees not to oppose District's attempts to, consolidate any litigation arising out of or relating to this Guaranty with any action(s), suit(s), or proceeding(s) against Developer or any other individual or entity and/or the property of any of the foregoing arising out of or relating to the Construction Covenant.

18. **Notices.** Any notice, demand, statement, or request required under this Guaranty shall be in writing and delivered by certified mail (return receipt requested, postage pre-paid), by hand, or by reputable private overnight commercial courier service, at the following respective addresses:

IF TO DISTRICT:

Office of the Deputy Mayor for Planning and Economic Development  
1350 Pennsylvania Avenue, NW, Suite 317  
Washington, DC 20004  
Attention: Deputy Mayor for Planning and Economic Development

With a copy to:

Office of the General Counsel  
for the Deputy Mayor for Planning and Economic Development  
1350 Pennsylvania Avenue, NW, Suite 317  
Washington, DC 20004  
Attention: General Counsel

IF TO GUARANTOR:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

With a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Notices served upon District or Guarantor in the manner aforesaid shall be deemed to have been received for all purposes under this Guaranty as follows: (i) if hand delivered to a party against receipted copy, when the copy of the notice is receipted; (ii) if given by nationally recognized overnight delivery service, on the next Business Day after the notice is deposited with the overnight delivery service; or (iii) if given by certified mail, return receipt requested, postage prepaid, on the date of actual delivery or refusal thereof. If notice is tendered under the terms of this Guaranty and is refused by the intended recipient of the notice, the notice shall nonetheless be considered to have been received and shall be effective as of the date provided in this Guaranty.

19. **Severability.** In the event that any provision of this Guaranty is held to be void or unenforceable, all other provisions shall remain unaffected and be enforceable, unless this construction would constitute a substantial deviation from the general intent of the Parties as reflected in this Guaranty.

20. **Waiver of Jury Trial.** TO THE EXTENT PERMITTED BY LAW, EACH PARTY HEREBY: (I) COVENANTS AND AGREES NOT TO ELECT TRIAL BY JURY OF ANY ISSUE HEREUNDER TRIABLE OF RIGHT BY A JURY AND (II) WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY ISSUE FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS

SEPARATELY GIVEN, KNOWINGLY AND VOLUNTARILY, BY GUARANTOR, AND THIS WAIVER IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A JURY TRIAL WOULD OTHERWISE ACCRUE. EACH PARTY ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT FOR THE OTHER PARTY TO PROVIDE OR ACCEPT THIS GUARANTY, AS APPLICABLE. FOR THE PURPOSES OF THIS SECTION 20, THE TERM "PARTY" IS DEEMED TO MEAN DISTRICT, AS WELL AS GUARANTOR.

21. **Time is of the Essence.** Time is of the essence with respect to all matters set forth in this Guaranty.

22. **No Amendment.** Neither this Guaranty nor any provision hereof may be modified, amended, waived, terminated, or changed orally, but only by an agreement in writing signed by the District and Guarantor.

23. **Irrevocable Survival.** This Guaranty shall be irrevocable by the Guarantor until this Guaranty is released by the District.

[SIGNATURE PAGE FOLLOWS]

SIGNATURE PAGE TO  
DEVELOPMENT AND COMPLETION GUARANTY

IN WITNESS WHEREOF, each Guarantor has executed this Guaranty as of the Effective  
Date.

GUARANTOR:

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**CERTIFIED BUSINESS ENTERPRISE  
UTILIZATION AND PARTICIPATION AGREEMENT**

**THIS CERTIFIED BUSINESS ENTERPRISE UTILIZATION AND PARTICIPATION AGREEMENT** (this "Agreement") is made by and between the DISTRICT OF COLUMBIA (the "District"), a municipal corporation acting by and through the **DISTRICT OF COLUMBIA DEPARTMENT OF SMALL AND LOCAL BUSINESS DEVELOPMENT** ("DSLBD") and **IVY CITY PARTNERS, LLC**, a District of Columbia limited liability company, or its designees, successors or assigns (the "Developer").

**RECITALS**

A. Pursuant to a Land Disposition and Development Agreement entered on October \_\_ 2017, between the Developer and the District, by and through the Deputy Mayor for Planning and Economic Development, Developer intends to provide for the development of [Lot 0022 PAR Suffix 0142 plus \_\_\_\_\_ [land and improvements constituting The Crummell School]] (the "Project").

B. Pursuant to the Land Disposition and Development Agreement, the Developer covenants that it has executed and will comply in all respects with this Agreement.

C. Capitalized terms not defined herein shall have the meaning assigned to them in the Land Disposition and Development Agreement.

**NOW, THEREFORE**, for and in consideration of the mutual covenants and agreements contained herein, the receipt and adequacy of which is hereby acknowledged by both parties hereto, DSLBD and the Developer agree, as follows:

**ARTICLE I  
UTILIZATION OF CERTIFIED BUSINESS ENTERPRISES**

**Section 1.1 CBE Utilization.** Developer, on its behalf and/or on behalf of its successors and assigns (if any), shall hire and contract with Small Business Enterprises ("SBE") certified pursuant to the Small and Certified Business Enterprise Development and Assistance Act of 2014, as amended, (D.C. Law 20-108; D.C. Official Code § 2-218.01 et seq.) (the "Act"), in connection with the predevelopment and development phases of the Project, including but not limited to, design, professional and technical services, construction management and trade work, development, renovation and suppliers. Developer shall expend funds contracting and procuring goods and services from SBEs in an amount equivalent to no less than thirty-five percent (35%) of the adjusted development budget ("Adjusted Development Budget" or "Adjusted Budget") detailed in Attachment 1 (the "CBE Minimum Expenditure"). If there are insufficient qualified SBEs to fulfill the 35% requirement, the requirement may be satisfied by subcontracting 35% to qualified Certified Business Enterprises certified pursuant to the Act. SBE and Certified Business Enterprises collectively referred to herein as ("CBE"). The Adjusted Development Budget is **\$119,986,814**. The CBE Minimum Expenditure is therefore **\$41,995,385**.

**Section 1.2 Time Period.** Developer shall achieve its CBE Minimum Expenditure no later than thirty (30) days after the issuance of a final Certificate of Occupancy by the District (“Expenditure Period”). If within three (3) years of the initiation of construction on the Project the Developer has not achieved the CBE Minimum Expenditure and has not obtained a final Certificate of Occupancy, the Developer shall meet with DSLBD to provide a status of the Project as related to this Agreement.

**Section 1.3 Adjustments to the Total Development Budget or CBE Minimum Expenditure.** If the Total Development Budget or the CBE Minimum Expenditure increases or decreases by an amount greater than 5%, within ten (10) business days Developer shall submit to DSLBD to review and determine if there is a greater than 5% adjustment to the Adjusted Development Budget or the CBE Minimum Expenditure (“Adjustment”). The CBE Minimum Expenditure shall be automatically increased in the case of an increase, or decreased in the case of a decrease, by an identical percentage of the Adjustment. A modified Attachment 1, approved by DSLBD, shall become a part of this Agreement and be provided to the Developer and ODCA.

## ARTICLE II CBE OUTREACH

**Section 2.1 Outreach Efforts.** Developer shall utilize the resources of DSLBD, including DSLBD’s website (<http://dslbd.dc.gov>). In particular, Developer shall submit all contracting opportunities for this Project to DSLBD for publication. Developer may identify individuals or businesses that could qualify as CBEs and is encouraged to refer any such firms to DSLBD’s Certification unit to apply for certification. In the event that Developer develops a website for the Project, such website shall (i) advertise upcoming bid packages, (ii) present instructions on how to bid, and (iii) directly link to DSLBD’s website.

## ARTICLE III QUARTERLY REPORTING

### Section 3.1 Quarterly Report.

(a) Throughout the Expenditure Period, regardless of whether the CBE Minimum Expenditure is achieved before the end of the Expenditure Period, Developer will submit quarterly contracting and subcontracting expenditure reports (“Quarterly Report”) for the Project.

(b) The Quarterly Report shall be submitted to DSLBD no later than thirty (30) days after the end of each quarter. The Quarterly Report shall be submitted on a form provided by DSLBD (a prototype of this form is included as Attachment 4). However, DSLBD reserves the right to amend this form.

(c) If the Developer fails to submit a Quarterly Report by the date required in sub-section (b) of this section, the Developer shall pay a penalty to DSLBD.

(i) The penalty the Developer shall pay to DSLBD for each Quarterly Report that the Developer fails to submit by the date required in sub-section (b) of this section shall be



\$1000 for the first offense, \$2000 for the second offense, and \$3000 for each offense thereafter.

(d) Companies that may be eligible for certification, but are not yet certified, or whose certification is pending before DSLBD **shall not be included in the Quarterly Report unless and until the company is certified by DSLBD as a CBE.**

(i) In order to obtain credit towards the CBE Minimum Expenditure requirement, a contractor/ subcontractor that is utilized by the Developer must have an active CBE certification **at the time the goods or services are provided (contract/ subcontract performed) and at the time payment is made to the contractor/ subcontractor.** **CREDIT WILL ONLY BE GIVEN FOR THE PORTION OF THE CONTRACT/ SUBCONTRACT PERFORMED BY A CBE USING THEIR OWN ORGANIZATION AND RESOURCES.**

(ii) The Developer will **not** receive credit towards the CBE Minimum Expenditure if the Developer's utilized contractor/ subcontractor:

- (1) is not certified by DSLBD as a CBE at the time the goods or services are provided (contract/ subcontract performed) and at the time payment is made to the contractor/ subcontractor;
- (2) has a pending application before DSLBD seeking CBE certification;
- (3) has an expired CBE certification;
- (4) has a CBE certification application that DSLBD denied; or
- (5) has a CBE certification that has been revoked by DSLBD.

(iii) CBE certification must be valid to receive credit towards the CBE Minimum Expenditure. If not renewed, the CBE certification will expire. To determine whether a contractor/ subcontractor has a valid and/or current CBE certification, before goods/ services are provided and payment made, Developer must check the DSLBD website: <http://lsdbe.dslbd.dc.gov/public/certification/search.aspx>

(e) Developer must require every CBE that it contracts or subcontracts with to maintain its CBE certification through the term of and final payment of the contract/ subcontract. If Developer pays a contractor/ subcontractor that is not certified as a CBE for goods/ services provided when the contractor/ subcontractor was not a CBE, those payments will **not** be applied towards the CBE Minimum Expenditure requirement and the expenditures shall **not** be included on the Quarterly Report.

(f) Concurrently with the submission of the Quarterly Report, Developer shall also submit vendor verification forms (each, a "Vendor Verification Form") substantially in the form of Attachment 5 for each expenditure listed in the Quarterly Report. However, DSLBD reserves the right to amend this form. If a completed Vendor Verification Form is not submitted for each

contract/subcontract performed by a CBE, or portion thereof, the Developer will not receive credit towards the CBE Minimum Expenditure for that contract/subcontract.

(g) Concurrently with the submission of the Quarterly Report, Developer shall also submit a copy of each fully executed contract/subcontract with each CBE contractor/subcontractor identified in the Quarterly Report. **If a fully executed contract/subcontract is not submitted, the Developer will not receive credit towards the CBE Minimum Expenditure for that contract/subcontract.**

(h) Once the CBE Minimum Expenditure has been achieved, the subsequent Quarterly Report shall contain the caption "CBE MINIMUM EXPENDITURE ACHIEVED." Additionally, the final Quarterly Report shall contain the caption "FINAL QUARTERLY REPORT" and be accompanied by a copy of the final Certificate of Occupancy issued by the District.

**Section 3.2 Mandatory Meeting with DSLBD.** Within ten (10) business days of executing this Agreement, the Developer shall meet with DSLBD to discuss the reporting requirements during the Expenditure Period. In the event that DSLBD is unavailable to meet within 10 business days, Developer shall schedule the meeting on the earliest mutually agreeable day. The individuals identified below respectively are the reporting point of contacts for the Developer, DSLBD.

Ivy City Partners, LLC  
c/o Douglas M. Firstenberg  
Stonebridge-Carras, LLC  
7200 Wisconsin Avenue, Suite 700  
Bethesda, MD 20814  
(301) 913-9610  
[firstenberg@stonebridgecarras.com](mailto:firstenberg@stonebridgecarras.com)

Ronnie Edwards  
Deputy Director  
Department of Small and Local Business Development  
441 4th street NW, Suite 850N  
Washington, DC 20001  
202- 727- 3900  
[Ronnie.Edwards2@dc.gov](mailto:Ronnie.Edwards2@dc.gov)

#### ARTICLE IV PROJECT MANAGERS AND GENERAL CONTRACTORS/CONSTRUCTION MANAGERS

**Section 4.1 Adherence to CBE Minimum Expenditure.** For each component of the Project, Developer shall require in its contractual agreements with the Project Manager ("PM"), or with the general contractor and/or construction manager for the Project (the "General Contractor" or "GC"), as applicable, that the PM or GC comply with the relevant obligations and responsibilities of Developer contained in this Agreement with respect to achieving the applicable CBE Minimum Expenditure. In the event that the Developer and PM or GC have

already entered a contractual agreement prior to the execution of this Agreement, the Developer shall work with the PM or GC to assure that the PM or GC will assist the Developer in achieving the applicable CBE Minimum Expenditure. Developer further agrees to inform the PM or GC and subcontractors of the other obligations and requirements applicable to the Developer under this Agreement. Developer shall inform the PM or GC that non-compliance with this Agreement may negatively impact future opportunities with the District for the Developer and the PM or GC respectively. Specifically, Developer will require in its contractual agreement with its PM or GC, or if the Developer and PM or GC have already entered a contractual agreement prior to the execution of this Agreement, work with its PM or GC, to achieve the following actions in contracting efforts, in connection with the Project, undertaken after the effective date of this Agreement:

- (i) When soliciting bids for products or services for this Project, the PM or GC shall allow a reasonable time (*e.g.*, no less than 20 business days) for all bidders to respond to the invitations or requests for bids.
- (ii) The PM or GC will make full use of DSLBD's website, found at <http://dslbd.dc.gov>, for subcontracting opportunities and for compliance monitoring.
- (iii) The PM or GC will provide a CBE bidder, who is not the low bidder, an opportunity to provide its final best offer before contract award, provided the CBE bid price is among the top 3 bidders.
- (iv) The PM or GC will not require that CBEs provide bonding on contracts with a dollar value less than \$100,000, provided that in lieu of bonding the PM or GC may accept a job specific certificate of insurance.
- (v) The PM or GC will include in all contracts and subcontracts with CBEs, a process for alternative dispute resolution. This process shall afford an opportunity for CBEs to submit documentation of work performed and invoices regarding requests for payments. Included in the subcontract/contract shall be a mutually agreed upon provision for mediation (to be conducted by DSLBD) or arbitration in accordance with the rules of the American Arbitration Association.
- (vi) The PM or GC and subcontractors shall strictly adhere to their contractual obligations to pay all CBE contractors and subcontractors in accordance with the contractually agreed upon schedule for payments. In the event that there is a delay in payment to the PM or GC, the PM or GC is to immediately notify the CBE contractor/subcontractor and advise as to the date on which payment can be expected.
- (vii) The PM or GC commits to pay all CBEs within fifteen (15) days following the PM's or GC's receipt of a payment, which includes funds for such contractors/subcontractors, from the Developer. Developer also agrees to establish a procedure for giving notice to the CBE contractors/subcontractors of the Developer's payment to the PM or GC.

- (viii) The PM or GC commits to verify a contractor/ subcontractor's CBE certification status prior to entering a contract/ subcontract with, accepting goods or services from, and making payment to a CBE contractor/ subcontractor, in accordance with Article III of this Agreement.

**ARTICLE V  
EQUITY PARTICIPATION AND DEVELOPMENT PARTICIPATION**

**Section 5.1 CBE Equity Participation and Development Participation Requirements:**

- (i) **Minimum CBE Equity Participation and Development Participation Requirements.** Developer acknowledges and agrees that Certified Business Enterprises as defined in Section 2302 of the Act, D.C. Official Code § 2-218.02, ("CBEs") shall receive no less than twenty percent (20%) in sponsor Developer equity participation ("Equity Participation") and no less than twenty percent (20%) in development participation ("Development Participation") in the Project, in accordance with D.C. Official Code § 2-218.49a;
- (ii) **Pari Passu Returns for CBE Equity Participant(s).** Developer agrees that the CBE Equity Participant(s) shall receive a return on investment in the Project that is pari passu with all other sources of sponsor Developer equity. In addition, if CBE Equity Participant(s) elect to contribute additional capital to the Project, they will receive the same returns as Developer with respect to such additional capital. However, a CBE Equity Participant's equity interests shall not be diluted over the course of the Project, including for failure to contribute additional capital;
- (iii) **CBE Equity Participation maintained for duration of Project.** Developer agrees that the CBE Equity Participation shall be maintained for the duration of the Project. Culmination of the Project shall be measured by the issuance of a certificate of occupancy in accordance with the Expenditure Period as defined in Section 1.2 herein;
- (iv) **CBE Equity Participant's Risk Commensurate with Equity Position.** The CBE Equity Participant(s) shall not bear financial or execution requirements that are disproportionate with its equity position in the Project;
- (v) **Management Control and Approval Rights.** Equity Participant(s) and Development Participant(s) shall have management control and approval rights in line with their equity positions; and
- (vi) **Representing the entity to the public.** Equity Participant(s) and Development Participant(s) shall be consistently included in representing the entity to the public (e.g., through joint naming, advertising, branding, etc.).

**Section 5.2 Sweat Equity Contribution.** No more than 25% of the total 20% equity participation requirement (“equal to 5%”) set forth in Section 5.1 of this Section may be met by a CBE providing development services in lieu of a cash equity investment that will be compensated by the Developer in the future at a date certain (“sweat equity contribution”). The Developer and the CBE shall sign, and provide to the DSLBD, a service agreement describing the following:

- (i) A detailed description of the scope of work that the CBE will perform;
- (ii) The dollar amount that the CBE will be compensated for its services and the amount the CBE is forgoing as an investment in the Project;
- (iii) The date or time period when the CBE will receive compensation;
- (iv) The return, if any, the CBE will receive on its sweat equity contribution; and
- (v) An explanation of when the CBE will receive its return as compared to other team members or investors.

**Section 5.3 CBE Inclusion, Recognition, Access and Involvement.** Developer acknowledges that a priority of the District is to ensure that CBE partners on development projects are granted and encouraged to maintain active involvement in all phases of the development effort, from initial-pre-development activities through development completion and ongoing asset management. To assist CBE partners in gaining the skills necessary to participate in larger development efforts, Developer agrees to provide all CBE partners full and open access to information utilized in project execution, including, for example, market studies, financial analyses, project plans and schedules, third-party consultant reports, etc. Developer agrees to consistently represent and include CBE partners of Developer as team members through such actions as joint naming (if applicable), advertising, and branding opportunities that incorporate CBE partners. CBE partners of Developer shall not be precluded from selling services back to Developer. The CBE partners shall participate in budget, schedule, and strategy meetings. CBE partners may also participate in the negotiation of development agreements, creating a site plan, managing design development, hiring and managing consultants, seeking and securing zoning and entitlements, developing and monitoring budgets, apply for and securing financing, performing due diligence, marketing and sales of all units, and any other tasks necessary to the development and construction of the Project.

**Section 5.4 No Changes in CBE Equity Participation and Development Participation.**

- (i) Once the selection of Equity Participant(s) and Development Participant(s) in the Project have been approved by DSLBD, there can be no change in the Equity Participation and Development Participation and no dilution of the participants’ Equity Participation and Development Participation without the express written consent of the Director; and

- (ii) Once DSLBD has approved the determination of returns for Equity Participant(s) in the Project, the determination of returns for Equity Participant(s) shall not be materially altered or adjusted from that previously presented to DSLBD without the Director's express written consent.

**Section 5.5 Closing Requirements for CBE Equity Participation and Development Participation.**

- (i) The closing documents executed in connection with the Project shall contain provisions indicating there can be no change of the CBE Equity Participation and Development Participation, no dilution of a participants' Equity Participation and Development Participation, and no material alteration of the determination of returns for the CBE Equity Participant(s) without the Director's express written consent;
- (ii) The closing documents shall expressly covenant and agree that DSLBD shall have third-party beneficiary rights to enforce the provisions, for and in its own right;
- (iii) The agreements and covenants in the closing documents shall run in favor of DSLBD for the entire period during which the agreements and covenants shall be in force and effect, without regard to whether the District was or is an owner of any land or interest therein or in favor of which the agreements and covenants relate; and
- (iv) DSLBD shall have the right, in the event of a breach of the agreement or covenant in the closing documents, to exercise all the rights and remedies, and to maintain any actions or suits, at law or in equity, or other proceedings to enforce the curing of the breach of agreement or covenant to which it may be entitled.

**Section 5.6 CBE Equity Participation and Development Participation Restrictive Covenant.**

- (i) If there is a transfer of title to any District-owned land that will become part of the Project, DSLBD may require a restrictive covenant be filed on the land requiring compliance with the Equity Participation and Development Participation requirements of the Act; and
- (ii) A restrictive covenant requiring compliance with the Equity Participation and Development Participation shall run with the land and otherwise remain in effect until released by DSLBD following the completion of construction and of the issuance of certificates of occupancy for the Project. A release of the restrictive covenant shall be executed by DSLBD only after either the Developer and the Equity Participant(s) and Development Participant(s) submit a sworn certification together with documentation demonstrating to the satisfaction of DSLBD that, or DSLBD otherwise determines that:

- (a) The CBE Development Participant(s) received at least 20% of the development fees for the Project based on the final development expenditures for such Project; and
- (b) The CBE Equity Participant(s) maintained at least a 20% ownership interest in the sponsor Developer equity in the Project throughout its development.

**Section 5.7 CBE Equity Participation and Development Participation Reports.** Developers must submit quarterly reports to DSLBD regarding the fulfillment of the Equity Participation and Development Participation Program requirements on such forms that may be determined, and amended, by DSLBD. The reports shall be submitted in accordance with Section 3.1 of this Agreement and shall include information regarding:

- (i) Changes in ownership interest of the owners/partners;
- (ii) Additions or deletions of an owner/partner;
- (iii) Changes in the legal status of an existing owner/partner;
- (iv) Changes in the percentage of revenue distribution to an owner/partner;
- (v) A description of team member activities; and
- (vi) The amount of development fees paid to each team member, participant, partner, or owner.

**Section 5.8 Article V of this Agreement Controls.**

- (i) Article V of this Agreement is incorporated by reference and made a part of the Operating Agreement or any other similar agreement between the Developer and the undersigned CBE Equity Participant(s) and Development Participant(s).
- (ii) To the extent that Article V of this Agreement shall be deemed to be inconsistent with any terms or conditions of the Operating Agreement or any other similar agreement or any exhibits or attachments thereto between the Developer and the undersigned CBE Equity Participant(s) and Development Participant(s), the terms of Article V of this Agreement shall govern.

As it relates to or affects the CBE Equity Participant(s) and Development Participant(s), neither the Operating Agreement or any other similar agreement between the Developer and the undersigned CBE Equity Participant(s) and Development Participant(s), nor this Agreement shall be amended to decreased the participation percentage to less than 20% as mandated by D.C. Official Code § 2-218.49a.

**Section 5.9 Equity Participation Unmet.** If the Developer is unable to meet the 20% Equity Participation requirement, including sweat equity contribution and cash equity investment, the Developer shall pay to the District the outstanding cash equity amount as a fee in lieu of the unmet Equity Participation requirement.

## ARTICLE VI PENALTIES

**Section 6.1 Penalties for Failure to Meet CBE Minimum Expenditure.** At the end of the Expenditure Period as defined herein, DSLBD shall measure the difference between the CBE Minimum Expenditure and Developer's actual CBE expenditures. If Developer fails to meet its CBE Minimum Expenditure as provided in Section 1.1 herein (a "Shortfall"), the Developer shall pay a penalty equal to 10% of the Adjusted Development Budget (**\$13,000,000**), which shall be paid to the District of Columbia in the time and in a manner to be determined by DSLBD.

- (i) If the Developer's Shortfall is less than 10% of the Adjusted Development Budget, and Developer has taken all actions reasonably necessary (as reasonably determined by DSLBD based on Developer's reports and other verifiable evidence) to achieve the CBE Minimum Expenditure, the Developer may not be required to pay a penalty. The Developer may meet its burden to demonstrate it has taken all actions reasonably necessary to achieve its CBE Minimum Expenditure by (1) fulfilling all CBE outreach and recruitment efforts identified in Article II of this Agreement; (2) complying with Article IV of this Agreement; (3) providing evidence of the General Contractors' compliance with the commitments set forth in Article IV of this Agreement, and (4) by taking the following actions, among other things<sup>1</sup>:
  - a. In connection with the preparation of future bid packages, if any, develop a list of media outlets that target CBEs and *potential* CBEs hereafter referred to as "Target Audience" based on D.C. certification criteria;
  - b. During the initial construction of the Project, place advertisements in media outlets that address the Target Audience on a regular basis (*i.e.*, each time a new bid package is sent out) and advertise the programmatic activities established pursuant to the Agreement on an as needed basis;
  - c. Mail and/or email new procurement opportunity alerts to targeted CBEs according to trade category;
  - d. In connection with the preparation of future bid packages, if any, develop a list of academic institutions, business and community organizations that represent the Target Audience so that they may provide updated information on available opportunities to their constituents;

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<sup>1</sup> See Attachment 6 for a list of additional suggested outreach activities.



- e. Make presentations and conduct pre-bid conferences advising of contracting opportunities for the Target Audience either one-on-one or through targeted business organizations;
  - f. Provide up to ten (10) sets, in the aggregate, of free plans and specifications related to the particular bid for business organizations representing Target Audiences upon request; and
  - g. Commit to promoting opportunities for joint ventures between non-CBE and CBE firms to further grow CBEs and increase contract participation.
- (ii) If the Developer's Shortfall is less than 10% of the Adjusted Development Budget, but Developer has *not* taken all actions reasonably necessary (as reasonably determined by DSLBD based on Developer's reports and other verifiable evidence) to achieve the CBE Minimum Expenditure, Developer shall pay a penalty that is equal to the Shortfall.

In the event a CBE hired as part of the Project goes out of business, loses its certification during the Project, or otherwise cannot perform in accordance with customary and acceptable standards for the relevant industry, the Developer may identify and hire a substitute CBE capable of performing in accordance with customary and acceptable standards for the relevant industry. If the Developer cannot identify and hire a substitute CBE, the Developer may request in writing that the Director identify a list of substitute CBEs capable of performing in accordance with customary and acceptable standards for the relevant industry ("Request"). Only if, within ten (10) business days after receiving the Request, the Director fails to send written notice to the Developer identifying a list of substitute CBEs to perform the work (and the Developer determines for an amount no greater than 5% above the remaining balance of the original CBE contracted amount) may the Developer contract with a non-CBE to perform the work, provided that the non-CBE contracted amount shall not exceed the balance of the original CBE contracted amount by greater than 5% ("Approved Deduction"), and the Approved Deduction shall be deducted from the CBE Minimum Expenditure.

**Section 6.2 Failure to Meet Equity and Development Participation Requirements.** Failure to comply with the equity and development participation requirements of Article V of this Agreement shall constitute a material breach of this Agreement and of the Land Disposition and Development Agreement.

**Section 6.3 Other Remedies.** Failure to pay any required penalties in the time and manner specified by DSLBD shall be a material breach of this Agreement. In the event that the Developer breaches any of its obligations under this Agreement, in addition to the remedies stated herein, DSLBD does not waive its right to seek any other remedy against the Developer, the general contractor of the Project and any manager of the Project that might otherwise be available at law or in equity, including specific performance.

**Section 6.4 Waiver of Penalties.** Any Penalties required under this Section may be rescinded or modified by the Director upon consideration of the totality of the circumstances affecting such noncompliance.

**ARTICLE VII  
MISCELLANEOUS**

**Section 7.1 Primary Contact.** The Director's designee shall be the primary point of contact for Developer for the purposes of collecting or providing information, or carrying out any of the activities under this Agreement.

**Section 7.2 Notices.** Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to either party shall be deemed to have been received when personally delivered, mailed or emailed (with email confirmation), addressed as follows:

To DSLBD:           Department of Small and Local Business Development  
441 4<sup>th</sup> Street, N.W., Suite 850 North  
Washington, DC 20001  
Attention: Director  
Tel:   (202) 727-3900  
Fax:   (202) 724-3786

and                   Office of the Deputy Mayor for Planning and Economic  
Development Government of the District of Columbia  
John A. Wilson Building  
1350 Pennsylvania Avenue, NW, Suite 317  
Washington, DC 20004  
Attention: Deputy Mayor for Planning and Economic  
Development  
Tel:   (202) 727-6365  
Fax:   (202) 727-6703

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With a copy to:   Office of the Attorney General  
John A. Wilson Building  
1350 Pennsylvania Avenue, NW, Suite 407  
Washington, DC 20004  
Attention: Attorney General  
Tel:   (202) 724-3400  
Fax:   (202) 347-8922

To Developer:     Ivy City Partners, LLC  
c/o Douglas M. Firstenberg  
Stonebridge-Carras, LLC  
7200 Wisconsin Avenue, Suite 700  
Bethesda, MD 20814  
(301) 913-9610  
[firstenberg@stonebridgecarras.com](mailto:firstenberg@stonebridgecarras.com)

Each party may change its address for delivery of notice by delivering written notice of such change of address to the other party.

**Section 7.3 Severability.** If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent possible.

**Section 7.4 Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of any permitted successors and assigns of the parties hereto. This Agreement shall not be assigned by the Developer without the prior written consent of the DSLBD, which consent shall not be unreasonably withheld or delayed. In connection with any such consent of DSLBD, DSLBD may condition its consent upon the acceptability of the financial condition of the proposed assignee, upon the assignee's express assumption of all obligations of the Developer hereunder or upon any other reasonable factor which DSLBD deems relevant in the circumstances. In any event, any such assignment shall be in writing, shall clearly identify the scope of the rights and obligations assigned and shall not be effective until approved by the DSLBD. DSLBD shall have no right to assign this Agreement except to another District agency.

**Section 7.5 Amendment; Waiver.** This Agreement may be amended from time to time by written supplement hereto and executed by DSLBD and Developer. Any obligations hereunder may not be waived, except by written instrument signed by the party to be bound by such waiver. No failure or delay of either party in the exercise of any right given to such party hereunder or the waiver by any party of any condition hereunder for its benefit (unless the time specified herein for exercise of such right, or satisfaction of such condition, has expired) shall constitute a waiver of any other or further right nor shall any single or partial exercise of any right preclude other or further exercise thereof or any other right. The waiver of any breach hereunder shall not be deemed to be a waiver of any other or any subsequent breach hereof.

**Section 7.6 Governing Law.** This Agreement shall be governed by the laws of the District of Columbia.

**Section 7.7 Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original.

**Section 7.8 Entire Agreement.** All previous negotiations and understandings between the parties hereto or their respective agents and employees with respect to the transactions set forth herein are merged into this Agreement, and this Agreement alone fully and completely expresses the parties' rights, duties and obligations with respect to its subject matter.

**Section 7.9 Captions, Gender, Number and Language of Inclusion.** The captions are inserted in this Agreement only for convenience of reference and do not define, limit or describe the scope or intent of any provisions of this Agreement. Unless the context clearly requires otherwise, the singular includes the plural, and vice versa, and the masculine, feminine and neuter adjectives include one another. As used in this Agreement, the word "including" shall mean "including but not limited to".

**Section 7.10 Attachments.** The following exhibits shall be deemed incorporated into this Agreement in their entirety (THERE ARE NO ATTACHMENTS 2 AND 3 FOR THIS PROJECT):

*Attachment 1: CBE Minimum Expenditure*  
*Attachment 4: Quarterly Report*  
*Attachment 5: Vendor Verification Forms*  
*Attachment 6: Suggested Outreach Activities*

*Equity Participation and Development Participation Quarterly Report*  
*Attachment*

DSLBD reserves the right to amend the templates for all Attachments.

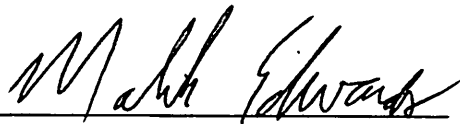
**Section 7.11 Collected Penalty/Fines.** Any and all fines imposed and collected by DSLBD pursuant to this Agreement will be deposited into the fund established by D.C. Official Code § 2-218.75.

**Section 7.12 Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, heirs and personal representatives.

**Section 7.13 Recitals.** The Recitals set forth on the first page are incorporated by reference and made a part of this Agreement.

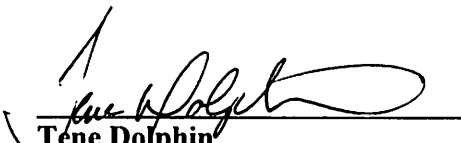
Signatures to follow

Approved as to legal sufficiency for the District of Columbia Department of Small and Local Business Development:

By:   
Malik K. Edwards  
General Counsel, DSLBD

AGREED TO AND EXECUTED THIS \_\_19th\_\_ DAY OF \_\_October\_\_ 2017

**DISTRICT OF COLUMBIA DEPARTMENT OF SMALL AND LOCAL BUSINESS DEVELOPMENT**

By:   
Tene Dolphin  
Interim Director

**DEVELOPER, IVY CITY PARTNERS, LLC**

By: \_\_\_\_\_  
Douglas M. Firstenberg  
S/C Ivy City Partners, LLC  
Managing Member

Approved as to legal sufficiency for the District of Columbia Department of Small and Local Business Development:

By: \_\_\_\_\_  
Malik K. Edwards  
General Counsel, DSLBD

AGREED TO AND EXECUTED THIS \_\_19th\_\_ DAY OF \_\_October\_\_ 2017

**DISTRICT OF COLUMBIA DEPARTMENT OF SMALL AND LOCAL BUSINESS  
DEVELOPMENT**

By: \_\_\_\_\_  
Tene Dolphin  
Interim Director

**DEVELOPER, IVY CITY PARTNERS, LLC**

By:  \_\_\_\_\_  
Douglas M. Firstenberg  
S/C Ivy City Partners, LLC  
Managing Member

ACKNOWLEDGED AND AGREED TO, AS TO ARTICLE V, BY CBE  
DEVELOPMENT PARTICIPANT(S):

THE JARVIS COMPANY, LLC

By: 

N. William Jarvis  
Managing Principal  
20% Development Participation  
CBE Number: LSZ7733092018

ACKNOWLEDGED AND AGREED TO, AS TO ARTICLE V, BY CBE EQUITY  
PARTICIPANT(S):

THE JARVIS COMPANY, LLC

By: 

N. William Jarvis  
Managing Principal  
20% Development Participation  
CBE Number: LSZ7733092018

GOVERNMENT OF THE DISTRICT OF COLUMBIA

Department of Employment Services

MURIEL BOWSER  
MAYOR



ODIE DONALD II  
DIRECTOR

October 20, 2017

Dion Townley  
Project Manager  
Office of the Deputy Mayor for Planning & Economic Development  
Government of the District of Columbia  
1350 Pennsylvania Avenue, NW, Suite 317  
Washington, DC 20004

Dear Mr. Townley

Enclosed is your copy of the signed First Source Employment Agreement between the D.C. Department of Employment Services (DOES) Ivy City Partners, LLC Developer Contractor  or Subcontractor . In accordance with the Workforce Intermediary Establishment and Reform of the First Source Amendment Act of 2011, the First Source Employment Agreement requires you to use DOES as the first source to fill all new jobs created as a result of Project Crummell School Site

In addition, each construction project receiving government assistance totaling \$5 million or more is required to have the following percentage of hours worked by DC residents on those projects; 20% of journey worker hours; 60% of apprentice hours; 51% of skilled laborer hours; and 70% of common laborer hours. Further, District residents registered in programs approved by the District of Columbia Apprenticeship Council shall work 35% of all apprenticeship hours worked in connection with the Project or 60% where applicable. See §2-219.03(e)(1A)(A).

You must register and post your job vacancies to the Department of Employment Services' Virtual One-Stop (VOS) at [www.dcnetworks.org](http://www.dcnetworks.org).

**Reminder:** All General Contractors **must** invite their subcontractors that are subject to the First Source Employment Agreement requirements, to join the project using the First Source Online Registration & Reporting System (FORRS), website <http://firstsource.dc.gov>. Additionally, subcontractors required to report worked hours percentages must contact **monitor** regarding LCP Tracker submission.

If you have any questions or need additional information please contact **DeCarlo Washington**, (202) 698- 5772, [decarlo.washington@dc.gov](mailto:decarlo.washington@dc.gov)

Sincerely,

Michael I Watts  
Associate Director  
Office of Wage - Hour

Enclosure





**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
FIRST SOURCE EMPLOYMENT AGREEMENT FOR  
CONSTRUCTION PROJECTS ONLY**



**GOVERNMENT-ASSISTED PROJECT/CONTRACT INFORMATION**

CONTRACT/SOLICITATION NUMBER: RFP#DCEB-2016-R-5001  
 DISTRICT CONTRACTING AGENCY: DMPED  
 CONTRACTING OFFICER: Dion Townley  
 TELEPHONE NUMBER: 202-724-7386  
 TOTAL CONTRACT AMOUNT: \$130,000,000 -- subject to change  
 EMPLOYER CONTRACT AMOUNT: \$130,000,000 -- subject to change  
 PROJECT NAME: Crummell School Site  
 PROJECT ADDRESS: 1900 Gallaudet Street NE  
 CITY: Washington STATE: DC ZIP CODE: 20002  
 PROJECT START DATE: 2022 (projected) PROJECT END DATE: 2025 (projected)  
 EMPLOYER START DATE: 2022 (projected) EMPLOYER END DATE: 2025 (projected)

**EMPLOYER INFORMATION**

EMPLOYER NAME: Ivy City Partners, LLC  
 EMPLOYER ADDRESS: c/o S/C Ivy City Partners LLC 7200 Wisconsin Ave Suite 700  
 CITY: Bethesda STATE: MD ZIP CODE: 20814  
 TELEPHONE NUMBER: 301-913-9610 FEDERAL IDENTIFICATION NO.: \_\_\_\_\_  
 CONTACT PERSON: Douglas M. Firstenberg  
 TITLE: Managing Principal  
 E-MAIL: firstenberg@stonebreidgecarras.com TELEPHONE NUMBER: 301-913-9610  
 LOCAL, SMALL, DISADVANTAGED BUSINESS ENTERPRISE (LSDBE) CERTIFICATION  
 NUMBER: N/A  
 D.C. APPRENTICESHIP COUNCIL REGISTRATION NUMBER: N/A  
 ARE YOU A SUBCONTRACTOR  YES  NO IF YES, NAME OF PRIME  
 CONTRACTOR: \_\_\_\_\_

This First Source Employment Agreement (Agreement), in accordance with Workforce Intermediary Establishment and Reform of the First Source Amendment Act of 2011 (D.C. Official Code §§ 2-219.01 – 2.219.05), and relevant provisions of the Apprenticeship Requirements Amendment Act of 2004 (D.C. Official Code § 2-219.03 and § 32-1431) for recruitment, referral, and placement of District of Columbia residents, is between the District of Columbia Department of Employment Services, (DOES) and EMPLOYER. Pursuant to this Agreement, the EMPLOYER shall use DOES as its first source for recruitment, referral, and placement of new hires or employees for all jobs created by the Government Assisted Project or Contract (Project). The EMPLOYER shall meet the hiring or hours worked percentage requirements for all jobs created by the Project as outlined below in Section VII. The EMPLOYER shall ensure that District of Columbia residents (DC residents) registered in programs approved by the District of Columbia Apprenticeship Council shall work 35% (or 60% where applicable) of all apprenticeship hours worked in connection with the Project.

**I. DEFINITIONS**

The following definitions shall govern the terms used in this Agreement.

- A. **Apprentice** means a worker who is employed to learn an apprenticeable occupation under the terms and conditions of approved apprenticeship standards.
- B. **Beneficiary** means:
  - 1. The signatory to a contract executed by the Mayor which involves any District of

Columbia government funds, or funds which, in accordance with a federal grant or otherwise, the District government administers and which details the number and description of all jobs created by a government-assisted project or contract for which the beneficiary is required to use the First Source Register;

2. A recipient of a District government economic development action including contracts, grants, loans, tax abatements, land transfers for redevelopment, or tax increment financing that results in a financial benefit of \$300,000 or more from an agency, commission, instrumentality, or other entity of the District government, including a financial or banking institution which serves as the repository for \$1 million or more of District of Columbia funds.
  3. A retail or commercial tenant that is a direct recipient of a District government economic development action, including contracts, grants, loans, tax abatements, land transfers for public redevelopment, or tax increment financing in excess of \$300,000.
- C. **Contracting Agency** means any District of Columbia agency that awarded a government assisted project or contract totaling \$300,000 or more.
- D. **Direct labor costs** means all costs, including wages and benefits, associated with the hiring and employment of personnel assigned to a process in which payroll expenses are traced to the units of output and are included in the cost of goods sold.
- E. **EMPLOYER** means any entity awarded a government assisted project or contract totaling \$300,000 or more.
- F. **First Source Employer Portal** means the website consisting of a connected group of static and dynamic (functional) pages and forms on the World Wide Web accessible by Uniform Resource Locator (URL) and maintained by DOES to provide information and reporting functionality to EMPLOYERS.
- G. **First Source Register** means the DOES Automated Applicant Files, which consists of the names of DC residents registered with DOES.
- H. **Good faith effort** means an EMPLOYER has exhausted all reasonable means to comply with any affirmative action, hiring, or contractual goal(s) pursuant to the First Source law and Agreement.
- I. **Government-assisted project or contract (Project)** means any construction or non-construction project or contract receiving funds or resources from the District of Columbia, or funds or resources which, in accordance with a federal grant or otherwise, the District of Columbia government administers, including contracts, grants, loans, tax abatements or exemptions, land transfers, land disposition and development agreements, tax increment financing, or any combination thereof, that is valued at \$300,000 or more.
- J. **Hard to employ** means a District of Columbia resident who is confirmed by DOES as:
1. An ex-offender who has been released from prison within the last 10 years;
  2. A participant of the Temporary Assistance for Needy Families program;
  3. A participant of the Supplemental Nutrition Assistance Program;
  4. Living with a permanent disability verified by the Social Security Administration or

District vocational rehabilitation program;

5. Unemployed for 6 months or more in the last 12-month period;
  6. Homeless;
  7. A participant or graduate of the Transitional Employment Program established by § 32-1331; or
  8. An individual who qualified for inclusion in the Work Opportunity Tax Credit Program as certified by the Department of Employment Services.
- K. Indirect labor costs** means all costs, including wages and benefits, that are part of operating expenses and are associated with the hiring and employment of personnel assigned to tasks other than producing products.
- L. Jobs** means any union and non-union managerial, nonmanagerial, professional, nonprofessional, technical or nontechnical position including: clerical and sales occupations, service occupations, processing occupations, machine trade occupations, bench work occupations, structural work occupations, agricultural, fishery, forestry, and related occupations, and any other occupations as the Department of Employment Services may identify in the Dictionary of Occupational Titles, United States Department of Labor.
- M. Journeyman** means a worker who has attained a level of skill, abilities and competencies recognized within an industry as having mastered the skills and competencies required for the occupation.
- N. Revised Employment Plan** means a document prepared and submitted by the EMPLOYER that includes the following:
1. A projection of the total number of hours to be worked on the project or contract by trade;
  2. A projection of the total number of journey worker hours, by trade, to be worked on the project or contract and the total number of journey worker hours, by trade, to be worked by DC residents;
  3. A projection of the total number of apprentice hours, by trade, to be worked on the project or contract and the total number of apprentice hours, by trade, to be worked by DC residents;
  4. A projection of the total number of skilled laborer hours, by trade, to be worked on the project or contract and the total number of skilled laborer hours, by trade, to be worked by DC residents;
  5. A projection of the total number of common laborer hours to be worked on the project or contract and the total number of common laborer hours to be worked by DC residents;
  6. A timetable outlining the total hours worked by trade over the life of the project or contract and an associated hiring schedule;
  7. Descriptions of the skill requirements by job title or position, including industry-recognized certifications required for the different positions;

8. A strategy to fill the hours required to be worked by DC residents pursuant to this paragraph, including a component on communicating these requirements to contractors and subcontractors and a component on potential community outreach partnerships with the University of the District of Columbia, the University of the District of Columbia Community College, the Department of Employment Services, Jointly Funded Apprenticeship Programs, the District of Columbia Workforce Intermediary, or other government-approved, community-based job training providers;
  9. A remediation strategy to ameliorate any problems associated with meeting these hiring requirements, including any problems encountered with contractors and subcontractors;
  10. The designation of a senior official from the general contractor who will be responsible for implementing the hiring and reporting requirements;
  11. Descriptions of the health and retirement benefits that will be provided to DC residents working on the project or contract;
  12. A strategy to ensure that District residents who work on the project or contract receive ongoing employment and training opportunities after they complete work on the job for which they were initially hired and a review of past practices in continuing to employ DC residents from one project or contract to the next;
  13. A strategy to hire graduates of District of Columbia Public Schools, District of Columbia public charter schools, and community-based job training providers, and hard-to-employ residents; and
  14. A disclosure of past compliance with the Workforce Act and the Davis-Bacon Act, where applicable, and the bidder or offeror's general DC resident hiring practices on projects or contracts completed within the last 2 years.
- O. **Tier Subcontractor** means any contractor selected by the primary subcontractor to perform portion(s) or all work related to the trade or occupation area(s) on a contract or project subject to this First Source Agreement.
- P. **Washington Metropolitan Statistical Area** means the District of Columbia; Virginia Cities of Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, and Manassas Park; the Virginia Counties of Arlington, Clarke, Fairfax, Fauquier, Loudon, Prince William, Spotsylvania, Stafford, and Warren; the Maryland Counties of Calvert, Charles, Frederick, Montgomery and Prince Georges; and the West Virginia County of Jefferson.
- Q. **Workforce Intermediary Pilot Program** means the intermediary between employers and training providers to provide employers with qualified DC resident job applicants. See DC Official Code § 2-219.04b.

## II. GENERAL TERMS

- A. Subject to the terms and conditions set forth herein, DOES will receive the Agreement from the Contracting Agency no less than 7 calendar days in advance of the Project start date. No work associated with the relevant Project can begin until the Agreement has been accepted by DOES.
- B. The EMPLOYER will require all Project contractors and Project subcontractors with contracts or subcontracts totaling \$300,000 or more to enter into an Agreement with DOES.

- C. DOES will provide recruitment, referral, and placement services to the EMPLOYER, subject to the limitations in this Agreement.
- D. This Agreement will take effect when signed by the parties below and will be fully effective through the duration, any extension or modification of the Project and until such time as construction is complete and a certificate of occupancy is issued.
- E. DOES and the EMPLOYER agree that, for purposes of this Agreement, new hires and jobs created for the Project (both union and nonunion) include all of EMPLOYER'S job openings and vacancies in the Washington Metropolitan Statistical Area created for the Project as a result of internal promotions, terminations, and expansions of the EMPLOYER'S workforce, as a result of this Project, including loans, lease agreements, zoning applications, bonds, bids, and contracts.
- F. This Agreement includes apprentices as defined in D.C. Official Code §§ 32-1401- 1431.
- G. DOES will make every effort to work within the terms of all collective bargaining agreements to which the EMPLOYER is a party. The EMPLOYER will provide DOES with written documentation that the EMPLOYER has provided the representative of any collective bargaining unit involved with this Project a copy of this Agreement and has requested comments or objections. If the representative has any comments or objections, the EMPLOYER will promptly provide them to DOES.
- H. The EMPLOYER who contracts with the District of Columbia government to perform construction, renovation work, or information technology work with a single contract, or cumulative contracts, of at least \$500,000, let within a 12-month period will be required to register an apprenticeship program with the District of Columbia Apprenticeship Council as required by DC Code 32-1431.
- I. If, during the term of this Agreement, the EMPLOYER should transfer possession of all or a portion of its business concerns affected by this Agreement to any other party by lease, sale, assignment, merger, or otherwise this First Source Agreement shall remain in full force and effect and transferee shall remain subject to all provisions herein. In addition, the EMPLOYER as a condition of transfer shall:
  - 1. Notify the party taking possession of the existence of this EMPLOYER'S First Source Employment Agreement.
  - 2. Notify DOES within 7 business days of the transfer. This notice will include the name of the party taking possession and the name and telephone of that party's representative.
- J. The EMPLOYER and DOES may mutually agree to modify this Agreement. Any modification shall be in writing, signed by the EMPLOYER and DOES and attached to the original Agreement.
- K. To the extent that this Agreement is in conflict with any federal labor laws or governmental regulations, the federal laws or regulations shall prevail.

### III. TRAINING

- A. DOES and the EMPLOYER may agree to develop skills training and on-the-job training programs as approved by DOES; the training specifications and cost for such training will be mutually agreed upon by the EMPLOYER and DOES and will be set forth in a separate

Training Agreement.

**IV. RECRUITMENT**

- A. The EMPLOYER will complete the attached Revised Employment Plan that will include the information outlined in Section I.N., above.
- B. The EMPLOYER will post all job vacancies with the Job Bank Services of DOES at <http://does.dc.gov> within 7 days of executing the Agreement. Should you need assistance posting job vacancies, please contact Job Bank Services at (202) 698-6001.
- C. The EMPLOYER will notify DOES of all new jobs created for the Project within at least 7 business days (Monday - Friday) of the EMPLOYERS' identification/creation of the new jobs. The Notice of New Job Creation shall include the number of employees needed by job title, qualifications and specific skills required to perform the job, hiring date, rate of pay, hours of work, duration of employment, and a description of the work to be performed. This must be done before using any other referral source.
- D. Job openings to be filled by internal promotion from the EMPLOYER'S current workforce shall be reported to DOES for placement and referral, if the job is newly created. EMPLOYER shall provide DOES a Notice of New Job Creation that details such promotions in accordance with Section IV.C.
- E. The EMPLOYER will submit to DOES, prior to commencing work on the Project, a list of Current Employees that includes the name, social security number, and residency status of all current employees, including apprentices, trainees, and laid-off workers who will be employed on the Project. All EMPLOYER information reviewed or gathered, including social security numbers, as a result of DOES' monitoring and enforcement activities will be held confidential in accordance with all District and federal confidentiality and privacy laws and used only for the purposes that it was reviewed or gathered.

**V. REFERRAL**

- A. DOES will screen applicants through carefully planned recruitment and training events and provide the EMPLOYER with a list of qualified applicants according to the number of employees needed by job title, qualifications and specific skills required to perform the job, hiring date, rate of pay, hours of work, duration of employment, and a description of the work to be performed as supplied by the EMPLOYER in its Notice set forth above in Section IV.C.
- B. DOES will notify the EMPLOYER of the number of applicants DOES will refer, prior to the anticipated hiring dates.

**VI. PLACEMENT**

- A. EMPLOYER shall in good faith, use reasonable efforts to select its new hires or employees from among the qualified applicants referred by DOES. All hiring decisions are made by the EMPLOYER.
- B. In the event that DOES is unable to refer qualified applicants meeting the EMPLOYER'S established qualifications, within 7 business days (Monday - Friday) from the date of notification from the EMPLOYER, the EMPLOYER will be free to directly fill remaining positions for which no qualified applicants have been referred. The EMPLOYER will still be required to meet the hiring or hours worked percentages for all jobs created by the Project.
- C. After the EMPLOYER has selected its employees, DOES is not responsible for the

employees' actions and the EMPLOYER hereby releases DOES, and the Government of the District of Columbia, the District of Columbia Municipal Corporation, and the officers and employees of the District of Columbia from any liability for employees' actions.

## VII. REPORTING REQUIREMENTS

- A. EMPLOYER is given the choice to report hiring or hours worked percentages either by Prime Contractor for the entire Project or per each Sub-contractor.

Subject to the terms of Article VI,

- B. EMPLOYER with Projects valued at a minimum of \$300,000 shall hire DC residents for at least 51% of all new jobs created by the Project.

Subject to the terms of Article VI,

- C. EMPLOYER with Projects totaling \$5 million or more shall meet the following hours worked percentages for all jobs created by the Project:

1. At least 20% of journey worker hours by trade shall be performed by DC residents;
2. At least 60% of apprentice hours by trade shall be performed by DC residents;
3. At least 51% of the skilled laborer hours by trade shall be performed by DC residents; and
4. At least 70% of common laborer hours shall be performed by DC residents.

- D. EMPLOYER shall have a user name and password for the First Source Employer Portal for electronic submission of all monthly Contract Compliance Forms, weekly certified payrolls and any other documents required by DOES for reporting and monitoring.

- E. EMPLOYER with Projects valued at a minimum of \$300,000 shall provide the following monthly and cumulative statistics on the Contract Compliance Form:

1. Number of new job openings created/available;
2. Number of new job openings listed with DOES, or any other District Agency;
3. Number of DC residents hired for new jobs;
4. Number of employees transferred to the Project;
5. Number of DC residents transferred to the Project;
6. Direct or indirect labor cost associated with the project;
7. Each employee's name, job title, social security number, hire date, residence, and referral source; and
8. Workforce statistics throughout the entire project tenure.

- F. In addition to the reporting requirements outlined in E, EMPLOYER with Projects totaling \$5 million or more shall provide the following monthly and cumulative statistics on the Contract Compliance Form:

1. Number of journey worker hours worked by DC residents by trade;
2. Number of hours worked by all journey workers by trade;
3. Number of apprentice hours worked by DC residents by trade;
4. Number of hours worked by all apprentices by trade;
5. Number of skilled laborer worker hours worked by DC residents by trade;
6. Number of hours worked by all skilled laborers by trade;
7. Number of common laborer hours worked by DC residents by trade; and
8. Number of hours worked by all common laborers by trade.

- G. EMPLOYER can "double count" hours for the "hard to employ" up to 15% of total hours worked by DC Residents.
- H. For construction Projects that are not subject to Davis-Bacon law in which certified payroll records do not exist, EMPLOYER must submit monthly documents of workers employed on the Project to DOES, including DC residents and all employment classifications of hours worked.
- I. EMPLOYER may also be required to provide verification of hours worked or hiring percentages of DC residents, such as internal payroll records for construction Projects that are not subject to Davis-Bacon.
- J. Monthly, EMPLOYER must submit weekly certified payrolls from all subcontractors at any tier working on the Project to the Contracting Agency. EMPLOYER is also required to make payroll records available to DOES as a part of compliance monitoring, upon request at job sites.

**VIII. FINAL REPORT AND GOOD FAITH EFFORTS**

- A. With the submission of the final request for payment from the Contracting Agency, the EMPLOYER shall:
  - 1. Document in a report to DOES its compliance with the hiring or hours worked percentage requirements for all jobs created by the Project and the percentages of DC residents employed in all Trade Classifications, for each area of the Project; or
  - 2. Submit to DOES a request for a waiver of the hiring or hours worked percentage requirements for all jobs created by the Project that will include the following documentation:
    - a. Documentation supporting EMPLOYER'S good faith effort to comply;
    - b. Referrals provided by DOES and other referral sources; and
    - c. Advertisement of job openings listed with DOES and other referral sources.
- B. DOES may waive the hiring or hours worked percentage requirements for all jobs created by the Project, and/or the required percentages of DC residents in all Trade Classifications areas on the Project, if DOES finds that:
  - 1. EMPLOYER demonstrated a good faith effort to comply, as set forth in Section C, below; or
  - 2. EMPLOYER is located outside the Washington Metropolitan Statistical Area and none of the contract work is performed inside the Washington Metropolitan Statistical Area.
  - 3. EMPLOYER entered into a special workforce development training or placement arrangement with DOES or with the District of Columbia Workforce Intermediary; or
  - 4. DOES certified that there are insufficient numbers of DC residents in the labor market possessing the skills required by the EMPLOYER for the positions created as a result of the Project. No failure by Employer to request a waiver under any other provision hereunder shall be considered relevant to a requested waiver under this Subsection.
- C. DOES shall consider documentation of the following when making a determination of a good-faith effort to comply:



1. Whether the EMPLOYER posted the jobs on the DOES job website for a minimum of 10 calendar days;
2. Whether the EMPLOYER advertised each job opening in a District newspaper with city-wide circulation for a minimum of 7 calendar days;
3. Whether the EMPLOYER advertised each job opening in special interest publications and on special interest media for a minimum of 7 calendar days;
4. Whether the EMPLOYER hosted informational recruiting or hiring fairs;
5. Whether the EMPLOYER contacted churches, unions, and/or additional Workforce Development Organizations;
6. Whether the EMPLOYER interviewed employable candidates;
7. Whether the EMPLOYER created or participated in a workforce development program approved by DOES;
8. Whether the EMPLOYER created or participated in a workforce development program approved by the District of Columbia Workforce Intermediary;
9. Whether the EMPLOYER substantially complied with the relevant monthly reporting requirements set forth in this section;
10. Whether the EMPLOYER has submitted and substantially complied with its most recent employment plan that has been approved by DOES; and
11. Any additional documented efforts.

#### **IX. MONITORING**

- A. DOES is the District agency authorized to monitor and enforce the requirements of the Workforce Intermediary Establishment and Reform of the First Source Amendment Act of 2011 (D.C. Official Code §§ 2 219.01 – 2.219.05), and relevant provisions of the Apprenticeship Requirements Amendment Act of 2004 (D.C. Official Code § 2-219.03 and § 32-1431). As a part of monitoring and enforcement, DOES may require and EMPLOYER shall grant access to Project sites, employees, and documents.
- B. EMPLOYER'S noncompliance with the provisions of this Agreement may result in the imposition of penalties.
- C. All EMPLOYER information reviewed or gathered, including social security numbers, as a result of DOES' monitoring and enforcement activities will be held confidential in accordance with all District and federal confidentiality and privacy laws and used only for the purposes that it was reviewed or gathered.
- D. DOES shall monitor all Projects as authorized by law. DOES will:
  1. Review all contract controls to determine if Prime Contractors and Subcontractors are subject to DC Law 14-24.
  2. Notify stakeholders and company officials and establish meetings to provide technical assistance involving the First Source Process.

3. Make regular construction site visits to determine if the Prime or Subcontractors' workforce is in concurrence with the submitted Agreement and Monthly Compliance Reports.
4. Inspect and copy certified payroll, personnel records and any other records or information necessary to ensure the required workforce utilization is in compliance with the First Source Law.
5. Conduct desk reviews of *Monthly Compliance Reports*.
6. Educate EMPLOYERS about additional services offered by DOES, such as On-the-Job training programs and tax incentives for EMPLOYERS who hire from certain categories.
7. Monitor and complete statistical reports that identify the overall project, contractor, and sub contractors' hiring or hours worked percentages.
8. Provide formal notification of non-compliance with the required hiring or hours worked percentages, or any alleged breach of the First Source Law to all contracting agencies, and stakeholders. *(Please note: EMPLOYERS are granted 30 days to correct any alleged deficiencies stated in the notification.)*

**X. PENALTIES**

- A. Willful breach of the Agreement by the EMPLOYER, failure to submit the Contract Compliance Reports, deliberate submission of falsified data or failure to reach specific hiring or hours worked requirements may result in DOES imposing a fine of 5% of the total amount of the direct and indirect labor costs of the contract for the positions created by EMPLOYER. Fines will also include additional prorated fines of 1/8 of 1% of total contract amount for not reaching specific hiring or hours worked requirements. Prime Contractors who choose to report all hiring or hours worked percentages cumulatively (overall construction project) will be penalized, if hiring or hours worked percentage requirements are not met.
- B. EMPLOYERS who have been found in violation 2 times or more over a 10 year period may be debarred and/or deemed ineligible for consideration for Projects for a period of 5 years.
- C. Appeals of violations or fines are to be filed with the Contract Appeals Board.

I hereby certify that I have the authority to bind the EMPLOYER to this Agreement.

By:

Douglas M. Firstenberg 

EMPLOYER Senior Official

IVY CITY PARTNERS, LLC

Name of Company

7200 Wisconsin Avenue, Suite 700

Bethesda, Maryland 20814


Address

301-913-9610

Telephone

firstenberg@stonebridgecarras.com

Email

  
Associate Director for First Source  
Department of Employment Services  
4058 Minnesota Avenue, NE  
Third Floor  
Washington, DC 20019  
202-698-6284  
firstsource@dc.gov

10-20-12  
Date

### EMPLOYMENT PLAN

NAME OF EMPLOYER: Ivy City Partners, LLC

ADDRESS OF EMPLOYER: 7200 Wisconsin Avenue, Suite 700, Bethesda, MD 20814

TELEPHONE NUMBER: 301-913-9610 FEDERAL IDENTIFICATION NO.: \_\_\_\_\_

CONTACT PERSON: Douglas M. Firstenberg TITLE: Managing Principal

E-MAIL: firstenberg@stonebridgecarras.com TYPE OF BUSINESS: Real Estate Development

DISTRICT CONTRACTING AGENCY/DEVELOPER: DMPED

CONTRACTING OFFICER: Dion Townley TELEPHONE NUMBER: 202-724-7386

PROJECT NAME: Crummell School Site CONTRACT AMOUNT: to be determined

EMPLOYER CONTRACT AMOUNT: \$130,000,000 -- subject to change

PROJECT START DATE: 2022 (projected) PROJECT END DATE: 2025 (projected)

EMPLOYER START DATE: 2022 (projected) EMPLOYER END DATE: 2025 (projected)

GENERAL CONTRACTOR WILL BE REPORTING HIRING OR HOURS WORKED PERCENTAGES FOR ENTIRE PROJECT  OR PER EACH SUBCONTRACTOR

**NEW JOB CREATION PROJECTIONS:** Please indicate ALL new position(s) your firm will create as a result of the Project. If the firm WILL NOT be creating any new employment opportunities, please complete the attached justification sheet with an explanation. Attach additional sheets as needed.

JOB TITLE	# OF JOBS F/T P/T	SALARY RANGE	UNION MEMBERSHIP REQUIRED NAME LOCAL#	PROJECTED HIRE DATE
A			All jobs created will be related to the renovation of the Crummell School and the building of the remainder of the Project. This form will be completed prior to the start of construction.	
B				
C				
D				
E				
F				
G				
H				
I				
J				
K				





**Office of Attorney General for the District of Columbia Form Letter of Credit**

ISSUER: \_\_\_\_\_ Date of Issue: \_\_\_\_\_, 20\_\_  
[Name of Bank]  
[Bank Address]

IRREVOCABLE STANDBY LETTER OF CREDIT NO. [Insert Number]

**Beneficiary**

**Applicant**

District of Columbia, by and through  
The Office of Deputy Mayor for  
Planning and Economic Development  
1350 Pennsylvania Avenue, NW. Ste 317  
Washington D.C. 20007  
Attention: Deputy Mayor for Planning  
and Economic Development

[Name of Developer]  
[Address]

AMOUNT: \$ \_\_\_\_\_

EXPIRY DATE: [Insert Date] subject to renewal provisions herein

Ladies and Gentlemen:

We hereby establish our Irrevocable Standby Letter of Credit [Insert Number] ("Letter of Credit") in favor of Beneficiary for the account of Applicant up to an aggregate amount of \_\_\_\_\_ U.S DOLLARS (U.S. \$ \_\_\_\_\_) Available for payment when accompanied by the following three items:

1. A draft at sight drawn on [Name of Bank] duly endorsed on its reverse thereof by a duly authorized representative of the Beneficiary, specifically referencing this Letter of Credit Number [Insert Number];
2. The original of this Letter of Credit; and
3. A dated statement issued on the letterhead of Beneficiary, stating: "The amount of this drawing is \$ \_\_\_\_\_, drawn under Irrevocable Standby Letter of Credit No. [Insert Number] and represents funds due and owing to the District of Columbia." Such statement shall be conclusive as to such matters and Issuer will accept such statement as binding and correct. Issuer shall have no right, duty, obligation or responsibility to evaluate the performance or nonperformance of any underlying agreement between Applicant and Beneficiary before performing under the terms of this Letter of Credit.

Continues on the next Page

[Insert Letter of Credit Number]

Page 2

This Letter of Credit shall automatically renew for one year term upon the Anniversary of the expiry date set forth above (The "Anniversary Date") until [insert date] unless (i) earlier released by Beneficiary in writing or (ii) Issuers delivers written notice to both Applicant and Beneficiary that this Letter of Credit will not be renewed on the Anniversary Date upon which this Letter of Credit will no longer be renewed. Notwithstanding any terms and/or conditions to the contrary, this Letter of Credit will expire no later than [Insert Date].

If a drawing made by Beneficiary under this Letter of Credit reaches the address provided on this Standby Letter of Credit via Courier (FEDEX or DHL) on or prior to 1:00 PM (Eastern Time) on a Business Day (Defined below) and, provided that such drawing and the statement presented in connection therewith conform to the terms and conditions hereof, payments shall be made to Beneficiary in the amount specified, in immediately available funds, on the same Business Day. If a drawing is made by Beneficiary under this Letter of Credit after 1:00 pm (Eastern Time) on a Business Day and, provided that such drawing and the statement presented in connection therewith conform to the terms and conditions hereof, payments shall be made to Beneficiary in the amount specified, in immediately available funds on the next Business Day. If requested by Beneficiary, payment under this Letter of Credit may be deposit of immediately available funds into an account designated by Beneficiary. As used herein, the term "Business Day" shall mean any day other than a Saturday, Sunday or a day on which banking institution in the District of Columbia are authorized or required by law to close.

Drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored if presented by the Mayor, City Administrator, Deputy Mayor for Planning and Economic Development, or one of their duly authorized representatives, on or before the Expiry Date to Issuer's office at the address of Issuer set forth above.

This undertaking is issued subject to the International Standby Practices 1998 ("ISP98"). As to matters not expressly governed by ISP98, this Letter of Credit is governed by and shall be construed in accordance with the laws of the District of Columbia.

This Letter of Credit set forth in full terms of our undertaking. This undertaking shall not in any way be modified, amended, amplified or incorporated by reference to any document, contract or other agreement, without the express written authorization of Issuer, Beneficiary and Applicant.

Continues on the next Page



[Insert Letter of Credit Number]

Page 3

Should you have occasion to communicate with us regarding the Letter of Credit, kindly direct your communication to the attention of Letters of Credit Dept. to the address aforementioned stating as reference our Standby Letter of Credit Number [Insert Letter of Credit Number].

Truly Yours,

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Authorized Signature

**EXHIBIT K**  
**Schedule of Performance**

<b><u>Milestone</u></b>	<b><u>Target Completion Date</u></b>	<b><u>Outside Completion Date</u></b>
Submittal of Council Package	November 11, 2017	November 11, 2017
Act Enactment	TBD	TBD
LDDA Execution	30 Days after Act Enactment	60 Days after Act Enactment
Comprehensive Plan Enactment	TBD	TBD
Submission of 100% Schematic Design	3 Months after Comprehensive Plan Enactment & LDDA Execution	4 Months after Comprehensive Plan Enactment & LDDA Execution
Submission of Entitlement Applications	1 Month after Submission of 100% Schematic Design	2 Month after Submission of 100% Schematic Design
Entitlement Approvals	TBD	TBD
Submission of 30% Design Development	2 Months after Entitlement Approvals	4 Months after Entitlement Approvals
Submission of 90% Design Development	2 Months after Submission of 30% Design Development	3 Months after Submission of 30% Design Development
Submission of 80% Permit Set	5 Months after Submission of 90% Design Development	7 Months after Submission of 90% Design Development
Closing Date	7 Months after Submission of 80% Permit Set	12 Months Prior to Expiration of the District's Disposition Authority under the Act
Outside Closing Date	Expiration of District's Disposition Authority under Act	Expiration of District's Disposition Authority under Act
Commencement of Construction	30 Days after Closing	60 Days after Closing
Substantial Completion	24 Months after Commencement of Construction	36 Months after Commencement of Construction
Certificate of Final Completion for Crummell School Property	2 Months after Substantial Completion	3 Months after Substantial Completion
Certificate of Final Completion for Ground Lease Property	3 Months after Substantial Completion	5 Months after Substantial Completion

**EXHIBIT N**  
**Project Funding Plan**

<b>Sources</b>	<b>Funding Sources</b>	<b>Source Totals</b>
<b><u>Residential</u></b>		
Conventional Financing	\$65,451,868	
Equity	\$21,349,935	
Estimated Funding Gap	\$9,447,000	
Total Residential Sources		\$96,248,804
<b><u>Commercial and Retail</u></b>		
Conventional Financing	\$13,372,407	
Equity	\$5,336,781	
Total Commercial and Retail Sources		\$18,709,189
<b><u>Crummell School Building</u></b>		
Equity	\$15,757,123	
Total Crummell School Building Sources		\$15,757,123
<b>Total Project Costs</b>		<b>\$130,715,116</b>

**EXHIBIT O**  
**Project Budget**

<b>Type of Use</b>	<b>Type Totals</b>	<b>Category Totals</b>
<b><u>Hard Costs</u></b>		
Residential	\$69,201,909	
Commercial and Retail	\$10,878,043	
Other Construction	\$6,091,816	
Total Hard Costs		\$86,171,768
<b><u>Soft Costs</u></b>		
Entitlements & Environmental	\$3,939,281	
Soft Costs (excludes financing & overhead)	\$8,977,070	
Financing Costs	\$6,260,326	
Developer Overhead	\$5,241,571	
Total Soft Costs		\$24,418,248
Contingency		\$4,367,976
<b><u>Crummell School Project</u></b>		\$15,757,123
<b>Total Project Budget</b>		<b>\$130,715,116</b>