

APPENDIX 1
PROJECT NARRATIVE
DELTA II SENIOR TOWER
1400 Florida Ave., NE

Background

Almost 30 years ago, the Washington, DC Alumnae Chapter, through its Delta Housing Corp. (a 501(c) 3 corporation) erected Delta Towers I at the corner of Florida Avenue and Bladensburg Road, NE. This 138 unit senior building has been a model in terms of serving low and moderate-income elderly residents and in providing services to them. The project is so successful, that it has long waiting list, which speaks to the need for the new proposed facility.

The community is at the end of the H. Street Corridor near where it intersects with Bladensburg Road, Benning Road and Florida Avenue, NE. The H. Street corridor is undergoing a modest revitalization with the completion of the Atlas Theatre and the opening of nearly 10 restaurants and bars. The H. Street Playhouse is also operating along with several other arts venues.

The Trinidad-Ivy City community underwent fairly steep price increases on how this over the last several years but were viewed as relatively modest compared to other parts of the city. There have been several condominium conversions of vacant buildings that have dramatically improved that community.

Washington, DC Alumnae Chapter of the Delta Sigma Theta Sorority, Inc. has chosen Community Development Concepts, Inc. as the developer for the proposed 150 unit senior tower. Russell Simmons, the founding principal of this company, is a native Washingtonian, a former Senior Vice President for community development at Riggs Bank and former chairman of the District of Columbia Housing Authority.

He is joined in this effort by Lawrence Cager, former Deputy Director for Finance of the DC Department of Housing and Community Development and former director of Enterprise in Baltimore, Maryland.

Bryant Mitchell Associates by the architects for the project. Bryant and Bryant, a predecessor of Bryant Mitchell, Associates were the original architects for Delta Tower I. In addition, Bryant Mitchell Associates is working on several of the project with Mr. Simmons and Mr. Cager

Sponsorship

22 undergraduate women founded at Delta Sigma Theta Sorority, Inc one January 13, 1913 at Howard University. These young women wanted to use their collective strength to promote academic excellence and provide assistance to persons in need.

Belted Segment Delta Sorority is a private, nonprofit organization whose purpose is to provide service and programs to promote human welfare.

The Grand Chapter of Delta Sigma Theta Sorority, Inc. has a membership of over 200,000 predominately African-American, college-educated women. The Sorority currently has 900-plus chapters located in the United States, Tokyo, Japan, Okinawa, Japan, Germany, Bermuda, the Bahamas, Seoul, Korea, and St. Thomas and St Croix in the U.S. Virgin Islands.

The major programs of the Sorority are based upon the organization's Five-Point Programmatic Thrust:

Delta's Five-Point Program

- Economic Development
- Educational Development
- International Awareness and Involvement
- Physical and Mental Health
- Political Awareness and Involvement

Program development and implementation in Delta is a cooperative function with committees, the national executive board, and headquarters staff involved. Those with direct leadership responsibilities for implementation include members of the Program Planning and Development Committee, Social Action Commission, Commission on Arts and Letters, Information and Communications Committee, Membership Services Committee and Regional Officers.

Delta Sigma Theta Sorority, Inc. owns property located at 1703, 1705, 1707, and 1709 New Hampshire Avenue in the prestigious Dupont Circle area in northwest Washington, D.C. This is the site of its national headquarters and the headquarters of the Delta Research and Education Foundation (DREF).

The Washington DC Alumnae Chapter is one of the largest in the international sisterhood of the national sorority. It was organized on February 3, 1921. Our membership includes women who serve throughout the Washington, D.C. metropolitan area in private and public entities with distinction.

The creative approaches by the Chapter to the problems of youth motivation through Job Opportunity and Library projects and the willingness to share skills and material goods through Volunteers for Community Service represents significant achievement.

"Woman hours" and financial assistance have been given to the following organizations: Junior Village, YWCA, NAACP, NCNW, Urban League, American Red Cross, The College Fund, the Girl Scouts of America, United Givers Fund, Southeast Boys Club, Health and Welfare Council, Iona Whipper Home, International Student House, Hospital for Sick Children, Washington Center for Aging Citizens, and the Tower Girls.

Delta Housing Corp. was incorporated on December 15, 1977 as a 501 (c) 3 corporation. Specifically, the corporation is organized to provide decent, save and sanitary housing for low and moderate-income elderly and handicapped persons in the District of Columbia.

The Delta Board of Directors is listed below:

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Neighborhood Description

The subject site is located at 1400 Florida Ave, NE, which is at the southern tip of the H Street corridor. This corridor, after many years of dormancy, is beginning to really rebound. Still, we find about 60 of the 218 existing storefronts are empty.

For example, just east of Union Station, a church is turning what was a rundown, boarded-up building at the corner of F and Second Streets NE into what is intended to be a hip, neighborhood coffeehouse.

A few blocks away, along the H Street corridor that runs from North Capitol to Bladensburg Road and 17th Street NE, office, housing and retail development costing

more than \$1.5 billion was recently completed, is under construction or is planned for the next few years.

The H Street corridor, once a popular shopping district, never fully recovered after the 1968 riots. The area became a hodgepodge of closed storefronts, empty lots and small shops. Change came slowly.

Local business owners and community leaders said they have attracted more than 30 new shops, most of them mom-and-pop businesses, to H Street in the past few years. The H Street Community Development Corp. and the District put up about \$1 million about four years ago to redo a rundown corner at H and Eighth streets NE, according to D.C. officials.

New development has been spurred by the District's strategic development plan for the area. It envisions an upscale strip of shops, sit-down restaurants and entertainment. Developers are following the lead of projects such as the Security and Exchange Commission's new 1.5 million-square-foot headquarters at Second and H streets NE and a \$250 million project across the street from it by local developer Jim Abdo.

Abdo, who is best known for redeveloping parts of 14th Street NW, Has turned the former site of the Capital Children's Museum into expensive condominiums and luxury rental units.

Developer Akridge plans to build more than 2 million square feet of office, residential, hotel and retail space on 15 acres above the train tracks behind Union Station. Louis Dreyfus Property Group is expected to build housing and retail in the 200 block of H Street. There is discussion about a Harris Teeter grocery store on the former site of a gas station.

Abdo is asking \$350,000 for a one-bedroom condo and up to \$2 million for a larger unit. Twenty to 30 of the 460 condos will be for middle-income earners. Since September, he said, 80 of the units have sold.

According to a 2002 study of the H Street Corridor conducted by ERA in 2002, the Delta project is located in census tract 88.2. which is adjacent to their primary market area. Their analysis for the secondary market area, which includes the subject census tract and 24 other tracks, which are within 1.5 miles of the H Street Corridor, provide the following data.

Total Area Households: 2002-2012

Trade Area	2002	2012	Change	% Change
	28,684	31,684	3000	10.46%

This table shows that the area surrounding a street will grow by 3,000 households between 2002 and 2012.

Average Household Income

	2002	2012	Change	% Change
	\$61,932	\$63,790	\$1858	3%

Resident Retail Expenditures by Major Retail Category

	2002	2012
GAFO	\$326.7 million	\$342.9 million
Convenience	\$103.6 million	\$157.9 million
Meals and Beverages	\$5 .04 million	\$38.4 million
Total	\$435.3 million	\$539.2 million

In all categories, retail expenditures are expected to increase significantly between 2002 and 2012. This increase is most striking, however, for meals and beverages where there is nearly a 700% increase.

According to the study, there is potential for increased retail, particularly, "big box" in the area near Hechinger Mall.

The attached demographic report provides data within a 1-mile radius of this site. Population is 45,006 and the median age is 35.8 years. 74.3% of the population is African-American and nearly 21% is white. In terms of the population that is 25 years or more, nearly 34% have college degrees while 25% did not graduate from high school.

The total number of households within a 1-mile radius is 19,772 with average household size at 1.9. Median household income within the 1-mile radius is \$40,410. 20% of this population has income of under \$15,000 and 18.5% has an income between \$15,000 and \$30,000.

Within a 1-mile radius of this site, which includes all of Trinidad/Ivy City and parts of Capitol Hill, there are 23,342 housing units. 85% of these units are occupied with nearly 39% owner occupied and 46% occupied by renters. There were 3525 units vacant at the time of the survey.

Population in this area is estimated to increase from 45,006 in 2000 to 47, 772 and 2006, 48,801 and 2009 and 50,598 by 2014. This represents a 12% increase between 2006 and 2014.

The number of households is estimated to increase from 14,784 in 2006 to 15,837 in 2014 a 14% increase.

The housing stock within this 1-mile radius is made up of 23,342 units with 83% being built prior to 1950. The median home value was \$143,324. 44% of the stock had housing values of between \$100,000 and \$200,000.

More than 40% of the households were made up of one person. Nearly 30% were two-person households and 14% were three-person household. Thus, 84% of households were made up of households of three-persons or less.

Site Description

The subject site is on the northern edge of the Trinidad/Ivy City community. It is a part of the strategic neighborhood investment areas. The site is currently occupied by the Delta senior tower located at the intersection of Florida Avenue and Bladensburg Road, NE. The new structure will be constructed on the part of the existing parking lot. The area is also adjacent to the 1400 block of the H. Street Corridor.

Development Team

Russell Simmons will be the contact person for the development team. He can be reached all in 202-529-2026 or russsimm@aol.com.

The developer is a to be formed limited liability company for the Delta Sigma Theta Sorority (Washington Alumnae Chapter). More than 20 years ago, this organization developed the current 150 unit senior building located at the subject site.

The general contractor has not been selected. We expect to select a general contractor through a competitive bid process.

The architect is Bryant Mitchell Associates. The principal of the firm, Melvin Mitchell, has more than 30 years experience in developing both residential and commercial buildings. Interestingly enough, Bryant & Bryant were the original architects for Delta Towers. Bryant Mitchell Associates is the successor to Bryant & Bryant. Please see a Company profile attached.

Property Management will be have handled by the Edgewood Management Company. This company manages the presence Delta Towers and manages approximately 26,000 units in 16 states. The firm is headquartered in Silver Spring Maryland and a corporate brochure is attached for your information.

The consultant on this project is Community Development Concepts, Inc. whose principal, Russell Simmons, has 30 years experience and the housing and finance arena. Lawrence Cager, a former director of Enterprise Baltimore and former Development Division Director at the DC Department of Housing and Community Development join him in this effort. Resumes for both individuals are attached as well as a corporate brochure.

Supportive Services

The supportive services available to the new property will be similar to those currently offered at Delta Towers. The services include a myriad of recreational activities such as cards, exercise, trips and other types of social activities. Also available will be health and dental care and screening, transportation to and from medical visits.

Project Financing

Total development cost for this project is \$36,889,927. We are anticipating private financing of \$5.2 million, and \$31,689,927 million in Low Income Housing Tax Credit equity.

Project Risk

While there are always risks during the construction period, this is a relatively straightforward senior building high-rise. The Bryant Mitchell and Associates, the architect, has considerable experience with these types of structures. Edgewood management, is one of the largest property management companies in the area and has significant experience in managing low and moderate-income properties, particularly have low Income. The developers, Delta Housing Corp. has experience with similar development gained through its experience with Delta Towers I. During the construction period, the development team plans to hire a construction company with experience in mid rise development and the appropriate bonding capacity.

Project Schedule

The project schedule for this project while aggressive is doable as the project has accomplished and strong development team members. Assuming a multi-year award of Low Income Housing Tax Credits in August 2009 and the closing of the pre-development financing awarded in a previous DHCD RFP funding by October 2009, following are some key project milestones:

- | | |
|--|-------------------|
| * Applications filed with other lenders | June 15, 2009 |
| * Financing reservation from DHCD | August 1, 2009 |
| * Closing of DHCD pre-development financing | September 1, 2009 |
| * Final plans and specifications completed | March 15, 2010 |
| * Construction loan closing | April, 2010 |
| * Fifty (50) percent construction completion | February, 2011 |

- * Substantial construction completion December, 2011
- * First unit placed in service December, 2011
- * All units placed in service March, 2012
- * Cost certification July, 2015