

Langston Terrace and Additions

2101 G Street NE, Washington, DC 20002

Ward 5 – Kenyon McDuffie | ANC 5D04 – Bernice Blacknell

Neighborhood: Carver-Langston

2018 Capital Needs Assessment: \$25,257,414

Annual Interim Controls Cost: \$2,689,088

Years Constructed: Langston Terrace – 1937 | Langston Additions - 1965

Recommendation: RAD Comprehensive Modernization and Historic Rehabilitation

Existing Conditions

Langston Terrace is a historic property built in 1937 and is located in Ward 5 in the Northeast quadrant of the city. The seven-acre property was the first federally funded housing project in Washington and the second in the United States. The property was part of President Franklin D. Roosevelt’s Public Works Administration program and was named in honor of John Mercer Langston, a 19th-century American abolitionist and attorney who founded Howard University Law School, and served as a U.S. congressman from Virginia. It was designed by native Washingtonian architect, Hilyard Robinson. Langston Terrace was first listed on the National Register of Historic Places and on the DC Inventory of Historic Sites in 1987.

The Langton Terrace property is a 274-unit development that consists of a combination of three-story walk-up buildings and two-story townhouses. Langston Additions is a 34-unit townhouse property that was built in 1954 and is directly adjacent to Langston Terrace to the north.

The following table shows the unit mix:

Property	Type	2BR	3BR	4BR	5BR	Total
Langston Terrace	Walk-up	19	77	62	0	158
	TH	0	84	26	6	116
Total		19	161	88	6	274
Langston Additions	TH	0	27	7	0	34

Per the DCHA Capital Needs Assessment, prepared by Torti-Gallas Urban in 2018, the long-term capital need for Langston Terrace is estimated to be \$20,899,071 (roughly \$76,000/unit) with an additional \$4,358,343 for Langston Additions in FY 2019 dollars, or over \$128,000 per unit. The estimated combined annual cost for interim-controls to provide encapsulation of lead-based paint is \$2,689,088, with the majority of that need in Langston Terrace. Due to the combination of the high-cost exposure for interim controls of lead-based paint and the high cost of deferred capital needs, this property has been placed on the extremely-urgent inventory list.

The property has received several renovations and improvements over years that have included window and roof replacements for the entire property. There have boiler plant upgrades and sidewalk repairs. In addition there were also some unit renovations to portion of the site also included electrical and plumbing system upgrades as well unit finishes. Since 2006 approximately \$11,218,000 has been spent on various projects at Langston Terrace and only approximately \$193,000 at Langston Addition.

Due to the age of Langston Terrace and its significance in the community and the nation, a careful and approach needs to be undertaken to completely modernize this historic property. A 2012 capital modernization project was undertaken on 100 units of the historic property, but the remaining units of Langston Terrace have not received the same level of improvements in recent years. There is no central air-conditioning system for the property. Currently residents depend on window a/c units. The entire property needs to be brought up to current codes and regulations.



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Also due in-part to the the age of the property there are lead paint hazards in numerous areas that should be abated. Due to the extraordinary rehabilitation and abatement costs at both Langston Terrace and Langston Additions it has been recommended that these properties be placed on the extremely-urgent inventory list.

The following table list some items identified as being life and safety hazards or severe physical distress:

Life and Safety Hazards

- Many units are in-need-of repairs or replacements to the smoke and carbon monoxide detectors.
- Electrical and plumbing upgrades are required throughout the complex.
- There are many missing or broken exterior handrails.
- There are many areas of cracked or raised concrete sidewalks, presenting tripping hazards.
- There are many areas of severe stormwater erosion on site, including undermining of porches and walks.

Severe Physical Distress

- Kitchens and bathrooms throughout the complex are in severe need of replacement
- Façade masonry repairs are needed in many areas.
- Site drainage is as significant issue, with many areas of significant erosion.



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Current Zoning and Land Use:

Current zoning is **RA-2**.

- Permit flexibility of design by permitting all types of urban residential development if they conform to the height, density, and area requirements established for these districts; and
- Permit the construction of those institutional and semi-public buildings that would be compatible with adjoining residential uses and that are excluded from the more restrictive residential zones.

Given the historic designation of Langston Terrace and the significance it holds in the community and nation, redevelopment is not an option. Therefore, we will not request a change in zoning to permit higher density development at these two sites.

Zoning	FAR	Max Height (ft)	Stories	Max. Lot Occupancy	Rear Yard Setback (ft)	Side Setback (ft)	Green Area Ratio (min.)
RA-2	1.8	50	4	60%	15	4	.40

Development Recommendation:

It is proposed that Langston Terrace and Additions would undergo a major rehabilitation through the HUD RAD program that could address all the properties'

critical needs. Due the scale of the work, DCHA would propose to designate more than 25% of the units within the project as regular PBV units under 24 CFR part 983 by placing both the TPVs realized under the Section 18 disposition process. A RAD/Section 18 project would utilize two HAPs – the RAD form of HAP (using the CHAP rents to be adjusted annually pursuant to the Operating Cost Adjustment Factor or OCAF) and the standard Part 983 AHAP/HAP with rents determined based on the lesser of reasonable rent and up to 110% of the fair market rent subject to annual adjustment.

- TPVs issued for the public housing units removed pursuant to Section 18 of the Housing Act can be directly project-based when the property “substantially meets Housing Quality Standards”
- Through RAD conversion of the property not only could be stabilized the subsidy but allows the properties to leverage debt through tax-exempt bonds to fund renovations.

We envision that the project could be undertaken in three project phases of just-over 100 units apiece. For the purposes of financing and undertaking the work, DCHA would create a subsidiary entity for each phase that would serve as developer and applicant for 4% LIHTC from DCHFA.

DCHA has an existing ECIP II contract with \$16.5 million allocated to Langston Terrace to replace the existing central boiler plant with a variable-refrigerant flow (VRF) HVAC system to provide heat and central air-conditioning to all units and public spaces. Each apartment and public space would have its own zone and its own thermometer, marking the first time that zoned heating and cooling was made available to the resident of Langston Terrace or Additions.



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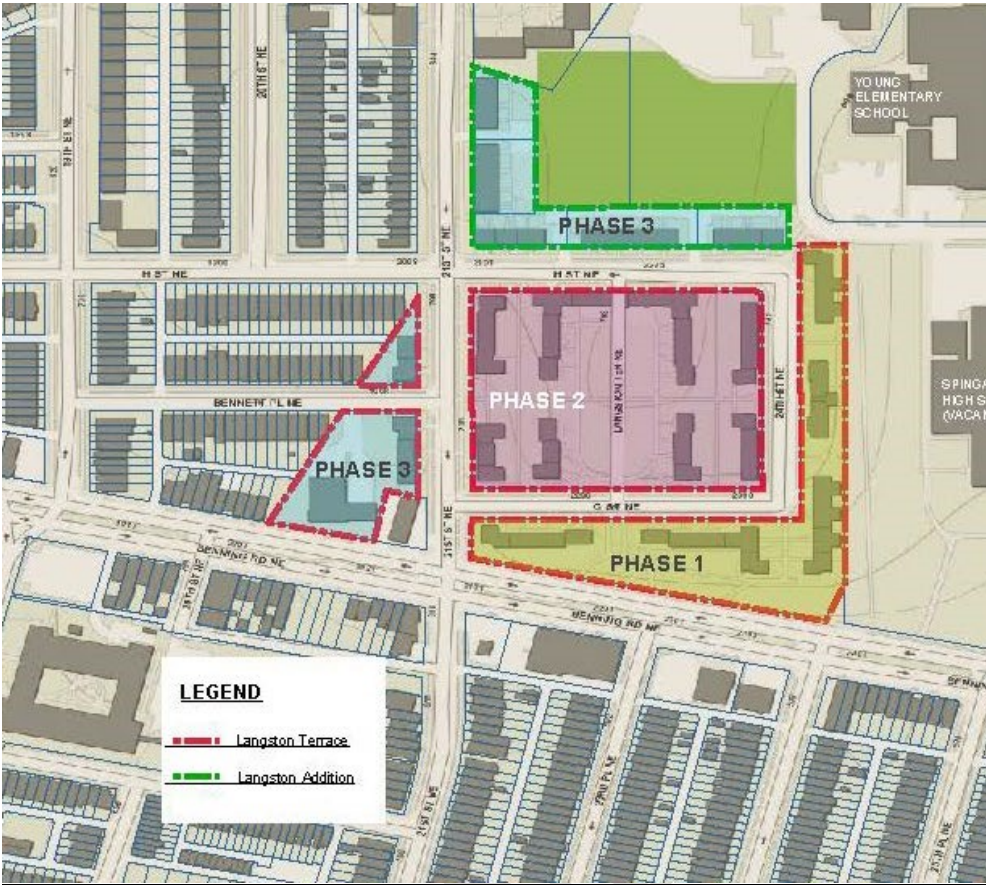
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Langston Terrace and Additions – Proposed Phasing Plan



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Phase-by-Phase Unit Mix and Financial Analysis:

The following table shows the unit mix and sources and uses for Langston Terrace:

Langston RAD Rehab

MANUAL INPUT
 CALCULATION

INPUTS

1. UNITS & RENTAL SUBSIDY

	ACC	RAD	PBVs	LIHTC-only	MARKET	TOTAL
Efficiency	0	0	0	0	0	0
1 bedrooms	0	0	0	0	0	0
2 bedrooms	0	0	4	15	0	19
3 bedrooms	0	0	45	143	0	188
4 bedrooms	0	0	23	72	0	95
5+ bedrooms	0	0	1	5	0	6
TOTAL	0	0	73	235	0	308

LIHTC rents at	50%
FMR	100%

2. COSTS

Building Acquisition costs (exc.land)	\$9,240,000
Land Costs	\$18,480,000
Rehab/construction costs per unit	\$180,000
QCT	NO

3. SOURCES

4% LIHTC	
Tax Credit price	\$1.00
Permanent loan terms	
Interest rate	4.25%
amortization	40
DSCR	1.15
Max LTV	90%
cap rate	6%
Max % fee deferred	50%

4. Other assumptions

GC markups	14%	of const. costs
Hard cost contingency	10%	
soft costs (excluding dev fee)	25%	of hard costs
Developer fee - construction	15%	
Developer fee - acquisition	5%	

OUTPUTS

USES	Total	per unit
Building Acquisition	\$9,240,000	\$30,000
Land Acquisition	\$18,480,000	\$60,000
Hard Costs	\$69,521,760	\$225,720
Soft Costs	\$17,380,440	\$56,430
Developer Fee	\$11,759,286	\$38,180
TOTAL DEVELOPMENT COSTS	\$126,381,486	\$410,330

Permanent Sources	Total	
Seller note	\$27,720,000	22%
4% LIHTC	\$29,612,206	23%
Permanent Mortgage	\$41,006,590	32%
Deferred fee	\$5,879,643	5%
ECIP Investment	\$16,500,000	13%
GAP	\$5,663,047	4%
TOTAL SOURCES	\$126,381,486	100%

50% test		
Basis	\$92,259,090	
Min Bond	\$50,742,500	
Construction costs	\$69,521,760	75%

