

A RESOLUTION

25-480

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

April 2, 2024

To declare the existence of an emergency regarding the need to provide financial relief and other assistance to the current owners of the condominium units at the River East at Grandview Condominiums.

RESOLVED, BY THE COUNCIL DISTRICT OF COLUMBIA, That this resolution may be cited as the “Relief for River East at Grandview Condominium Owners Emergency Declaration Resolution of 2024”.

Sec. 2. (a) In 2011, the Department of Housing and Community Development (“DHCD”) provided a loan to Stanton View Development LLC (“Stanton View”) to cover predevelopment and acquisition costs for a Ward 8 property at 1260 to 1272 Talbert Street, SE, Washington, DC 20020, at which Stanton View planned to develop 46 for-sale affordable housing units.

(b) In 2014, Stanton View transferred the property to Rivereast at Anacostia LLC for development, who decided instead to develop rental units and who received a Housing Production Trust Fund loan from DHCD, with the support of the Council, to do so.

(c) By the end of 2016, Stanton View and DHCD agreed to convert the property back to the originally proposed ownership units, and the project was finished and just about ready for move-in.

(d) From July 2017 to February 2019, 46 households purchased homes at 1262 Talbert Street, SE, in a building that has been called several different but similar names: River East at Grandview, Grandview Estate, Grandview Estates, Grandview Estates II, Gardenvia, River East, RiverEast, River East at Anacostia, River East at Anacostia Metro Station, River East at Grandview, and, simply, Talbert Street (“River East at Grandview”).

(e) Many of the 46 households were led by Black women becoming homeowners for the first time using the District’s Home Purchase Assistance Program, and the newly formed community included retirees, recent graduates, young couples, veterans, parents, and parents-to-be.

(f) By August 2021, the community faced an insurmountable obstacle: An engineering firm hired by the Condominium Association gave an emergency recommendation to fully evacuate the building within 2 weeks due to serious structural concerns within the brand-new building into which many had just poured their savings, hearts, and future plans.

(g) Since the evacuation almost 3 years ago, River East at Grandview owners have

worked diligently to untangle the tremendous financial, legal, and emotional web into which they were thrown.

(h) Owners have described horrific experiences stemming from this tragic outcome, including diminished mental health, persistent frustration, immense stress, distrust and disappointment, and fear over their next steps.

(i) The District has provided some support, including immediate cash assistance and case management to find rental units at the time of the evacuation, as well as ongoing rental support that the Executive said will end in June 2024.

(j) However, River East at Grandview owners remain responsible for their first trust mortgages, despite being unable to move back into a building that has been deemed unlivable and worth \$0 in value.

(k) For years, owners – represented by the River East at Grandview Condominium Association – engaged with the Executive to attempt to find common ground on a solution, while groups of owners also sought relief and accountability through the courts.

(l) By the fall of 2023, there was still no resolution, and the owners continued to suffer in a state of limbo.

(m) In November 2023, the Committee of the Whole and the Committee on Housing held a joint roundtable to hear from the River East at Grandview owners, the Department of Buildings (“DOB”), and DHCD over what went wrong and how to determine and implement next steps.

(n) Later that month, DHCD, DOB, the Department of Insurance, Securities, and Banking, representatives from Chairman Mendelson’s and Housing Committee Chairperson Councilmember Robert White’s offices, and River East at Grandview Condominium Association board members met to discuss a path forward.

(o) At the November meeting, DOB representatives confirmed the uninhabitability of the building, indicating it is unlikely that any part is salvageable and the ultimate outcome may be complete demolition.

(p) At the same meeting, DHCD confirmed that owners would not be able to leave with equity in their purchase because the building has no value.

(q) From December 2023 through March 2024, owners continued to engage with DHCD, as DHCD sought to produce a relief proposal in time for implementation ahead of the rental assistance cut-off in June.

(r) On March 8, 2024, DHCD held a meeting with River East at Grandview owners to introduce them to the Neighborhood Assistance Corporation of America (“NACA”) and discuss the potential for partnership with NACA in securing new homeownership opportunities for owners.

(s) Founded in 1988 by Bruce Marks and Reverend Graylan Hagler, who was also co-chair of DC’s recent Black Homeownership Strike Force, NACA seeks to provide affordable homeownership opportunities to communities who have systematically been kept out of the real estate market through reducing barriers to ownership.

(t) Since the March 8th meeting, NACA counselors have completed individual housing counseling sessions with a majority of the River East at Grandview owners.

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(u) The counseling sessions, and the feedback from owners, have highlighted the critical need for deep financial assistance for many River East at Grandview owners to successfully compete in today's housing market and to finally move on from this dilemma.

(v) The Mayor and the Council strongly support the provision of new homeownership and mortgage opportunities for the River East at Grandview owners, including the elimination of their existing River East at Grandview mortgages, any future obligations associated with the River East at Grandview mortgages, and any negative impact of the River East at Grandview mortgages on obtaining new mortgages.

(w) These measures are immediately necessary to ensure that River East at Grandview owners can access stable housing before their rental supports expire and to begin to provide an overdue solution to 46 households who have endured ongoing uncertainty and stress since the devastating loss of their River East at Grandview homes almost 3 years ago.

Sec. 3. (a) In 2014, Council authorized up to \$40 million in Tax Increment Financing ("TIF") for the development of Skyland Town Center in the Skyland Town Center Omnibus Act of 2014 (D.C. Law 20-110; D.C. Official Code § 2-1217.35a *et seq.*).

(b) The project was divided into 3 phases: Phase 1 was a 263-unit apartment building with 84,500 square feet of retail space; Phase 2 was 42,000 square feet of community-serving retail space; Phase 3 will be 126 for-sale townhomes, 75 affordable apartments for seniors, and approximately 8,000 square feet of retail space. Phase 1 topped-out in July of 2019. Phase 2 fully leased all retail space in September of 2023. Phase 3 is ready to begin construction.

(c) Due to market conditions, funding provided by the TIF no longer supports the anticipated timeline of the third and final phase which will complete the Skyland Town Center project. The Deputy Mayor for Planning and Economic Development proposes a partial conversion of \$15 million from the original \$40 million TIF authorization.

(d) Phase 3 has received the necessary permits and zoning approvals to begin construction. Without the timely receipt of funds, this phase will languish and jeopardize the completion of the project. Additionally, the developer will face financial hardship from either being forced to take out loans to complete the project in a timely manner or risk failure of the project.

(e) In 2023, the developer completed a refinance of a portion of the project investing significant new private capital into Skyland Town Center, demonstrating their continued commitment to bringing the District's original vision to fruition. The developer continues to actively support the completion of this project, but a quicker delivery of already planned financing for this project is necessary for timely completion.

Sec. 4. The Council determines that the circumstances enumerated in sections 2 and 3 constitute emergency circumstances making it necessary that the Relief for River East at Grandview Condominium Owners Emergency Act of 2024 be adopted after a single reading.

Sec. 5. This resolution shall take effect immediately.