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## CRANE WATCH

### Commercial Real Estate

# \$290M development planned at long-contested Congress Heights Metro site



Standard Real Estate Investments was co-founded by Jerome Nichols, left, its president, and Robert Jue, its CEO.

By [Tristan Navera](#)

A \$290 million mixed-use development could rise by the Congress Heights Metro station on property long sought for revival.

Standard Real Estate Investments LP, Trammell Crow Co. and NHT Communities are partnering to acquire seven parcels and 2 acres of land at 13th Street SE and Alabama Avenue SE, next to the St. Elizabeths East campus and at the southern entrance of the Congress Heights Metro station. The team plans a mixed-use development of 179 residential units and 240,000 square feet of office at the site, which had been held up for years in part due to a legal battle involving its former owner, Sanford Capital.

That case has been settled, D.C. Attorney General [Karl Racine](#) announced Wednesday.

Trammell Crow and Standard now plan to build a \$180 million office building, while NHT Communities — the D.C. nonprofit development arm of the National Housing Trust — will build the \$110 million portion for affordable apartments. About 35% of the residences, which will be targeted for those making [30% to 80% of the area median income](#), will be built as two- and three-bedroom units, also in demand in the neighborhood, said Standard President [Jerome Nichols](#).

"There are few sites on this side of the river that have Metro access and zoning to accommodate a development of this scale," said Nichols, a Prince George's County native and former Washington Football Team player who co-founded Standard Real Estate in 2020 after working for years at CBRE Global Investors. "This is a great, underappreciated site, and there's so much value but it needs to be unlocked."

### **The details of the deal**

The developers are buying the parcels from three landowners, including the Washington Metropolitan Area Transit Authority, Congress Heights Community Training and Development Corp., and CityPartners, all of which have had their eyes on its development for years. The new development team is paying \$12.5 million for the properties.

[Tom Finan](#) of Trammell Crow will handle leasing for the office component, while Nichols and Trammell Crow Partner [Terrance Williams](#) have been working on the property acquisition deals. The companies aim to attract government tenants or those that might serve the federal sphere. Trammell Crow is developing the new D.C. Department of General Services headquarters on Minnesota Avenue NE, illustrating the city's appetite for new office product in wards 7 and 8, said [Campbell Smith](#), Trammell Crow's senior managing director.

The team aims to break ground before the end of 2022, with the offices ready for occupancy by the end of 2024 and the residences completed in the first half of 2025. Until then, the developers said they'll select an architect, refine their designs, and kick off a search for office tenants.

The development team requested an extension in October of the planned-unit development approved for the site in 2015, allowing them another two years of entitlement, Nichols said. The project has at least some financial backing, the partners said, but the equity-versus-debt capitalization has yet to be determined.

### **A decade of controversy**

The land has been eyed for development for a decade, but has been tied up as former owner Sanford Capital became embroiled in a series of legal battles by former tenants and the District over claims of unsafe conditions that ultimately caused the landlord [to divest of all of its D.C. properties](#).

Sanford and CityPartners had originally eyed the land for [a 446,000-square-foot mixed-use development](#) entailing 208 apartments in one building, 230,000 square feet of office in another and 26,000 square feet of retail. They bought a part of the property from Metro for \$3 million a decade ago, and Sanford had planned to include some of its adjacent apartment buildings, at 1309 Alabama Ave. SE, 1331-1333 Alabama Ave. SE and 3210 13th St. SE, in the development.

But after [years of complaints](#) about [poor living conditions](#) in some of the existing properties, D.C. Mayor [Muriel Bowser](#) ordered [a review in 2017 of all of Sanford's 1,300 apartments](#) across 19 buildings. A year later, the landlord was ordered to stop doing business in the District, and it had [filed for Chapter 11 bankruptcy](#). In 2019, Sanford settled with D.C. Attorney General [Karl Racine](#) and 155 renters [to return \\$1.1 million in rent](#).



This shows an early development plan pitched a few years ago by CityPartners and Sanford Capital at the site at the corner of Alabama Avenue SE and 13th Street SE. The 446,000-square-foot plan entailed a mix of uses, including office, apartments and retail.

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After that initial plan's collapse, CityPartners sought to forge ahead at the Alabama and 13th Street site with [its own \\$120 million version of the development](#). It took control of Sanford's properties in 2018 with plans to demolish them and begin its project a year later. That new development, however, didn't materialize.

The District's Department of Housing and Community Development [had bought part of the property](#), a 12-unit apartment building at 3200 13th St. SE, in 2017. Ultimately, the District [agreed to let](#) the Congress Heights Community Training and Development Corp. acquire that site with plans for renovation, but had stipulated an aggressive 18-month timeline on renovations.

### **Another settlement to seal the deal**

The latest acquisition by the new development team comes as Racine's office announces a new settlement to litigation [brought forth in 2018](#) by the tenants' associations in the three former Sanford buildings, alleging that Sanford transferred ownership of properties to CityPartners in violation of their rights under D.C.'s Tenant Opportunity to Purchase Act. Under the terms of the settlement, Racine's office announced, 10 tenants who still reside in the Congress Heights buildings will receive a combined \$210,000 in restitution and will allow the property to be transferred to NHT. The case was dismissed with prejudice in D.C. Superior Court Tuesday, according to the docket. Each party is paying its own legal fees.



The building at 3200 13th St. SE holds 12 vacant residential units and was acquired a few years ago by the D.C. Department of Housing and Community Development.

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Now, CityPartners, CHCTDC and Metro are all selling to the new development team. Metro CEO [Paul Wiedefeld](#) described the project's latest iteration as a key transit-oriented development that could increase ridership. "The sale of this land will support reinvestment in our core business and provide more access to transit in the communities we serve," he said in a statement.

Representatives for CityPartners were not immediately available for comment.

The development "reflects the interests and needs of the Congress Heights neighborhood," Deputy Mayor for Planning and Economic Development [John Falcicchio](#) said in a statement, adding that the project also advances Bowser's plan for 36,000 new housing units by 2025.

"Affordable housing is harder and harder to find in the District, particularly for seniors like many of us," [Ruth Barnwell](#), president of the Congress Heights SE Tenants Association, said in a statement. "We look forward to working with the new owners, and strongly support their commitment to provide healthy, safe and secure housing in the Congress Heights neighborhood."