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## CityPartners advancing \$120M Congress Heights Metro project, minus Sanford

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CityPartners, the group behind a \$120 million development adjacent to the Congress Heights Metro Station, said it has removed a controversial equity partner from the project and will move forward with construction of phase one in May 2019.

D.C.-based CityPartners recently took possession of three apartment buildings adjacent to the Metro station — at 1309 Alabama Ave. SE, 1331-1333 Alabama Ave. SE and 3210 13th St. SE — from affiliates of

Sanford Capital LLC in a deed in lieu of foreclosure transaction. Those CityPartners plans to move forward on construction transactions were recorded this week. of the development's first phase in May 2019.



"This is the new chapter," said Geoffrey Griffis, founder and managing member of CityPartners, which is funding the development that fronts Alabama Avenue at 13th Street SE. "Moving Sanford frees us up to move forward — there is just no question about it."

Griffis said the existing buildings will be demolished to make way for the walkable development, which, it is hoped, will revitalize this block near the St. Elizabeths East campus with a mix of affordable and market-rate apartments, shops, restaurants, offices and a new plaza at the Metro entrance.

CityPartners will remain the lead developer, Griffis said, and plans to submit for permits for phase one by May and break ground a year later. The initial phase, which could cost between \$55 million and \$60 million, calls for underground parking, retail space and a 215-unit apartment complex atop the Metro station. That phase is expected to be built out by 2021.

CityPartners could potentially bring in another equity partner, "but we know we can get to a construction start [without one] and that's what we are pushing very quickly to do," Griffis said.

Griffis said he believes the project also has the potential to create hundreds of jobs in retail and professional services at a 280,000-square-foot office building planned for a future phase.

"Who goes in there? People that work," he said. "If we can bring people that are there literally 24 hours a day, we have just changed the security of the Metro station itself. People are much more comfortable walking."

This project has been on the books since 2011, when CityPartners and Sanford struck a \$3 million deal with the Washington Metropolitan Area Transit Authority to acquire three WMATA-owned parcels in Congress Heights totaling nearly an acre. But the project, which included the three WMATA sites and the three apartment buildings and earned D.C. zoning approval years ago, was held up in part by the controversy surrounding Sanford and its care, or alleged lack thereof, of several affordable apartment buildings in the District.

In early 2017, the D.C. government took possession through foreclosure of a key parcel that CityPartners reportedly needed for the Congress Heights project. That property, 3200 13th St. SE, is still owned by the District but does not appear to be slowing CityPartners, at least in its first phase.

"Now that CityPartners has acquired all the other parcels near the Metro, the next step is to create partnerships with the tenants and then reach out to the city to understand their objectives regarding the corner property," Griffis said.

The three apartment buildings CityPartners does control were at risk for foreclosure after Sanford "stopped paying mortgages" on the properties to CityPartners, the lender at the time of the foreclosure transaction, Griffis said.

"They didn't manage their other buildings well, and they ran these like their other portfolio pieces," Griffis said. "We have had the difficulty of broken trust with the tenants of how Sanford Capital dealt with them. There was work that should have been done that was not done. The minute I took possession of this, we had a team out there everyday."

Sanford officials could not immediately be reached for comment. A phone number listed for Sanford is no longer in service.

CityPartners is presenting the 13 remaining tenants in its soon-to-be-demolished buildings with three options:

- Temporarily relocate in the neighborhood and then return to live in the new buildings at their current rental rates. "Whatever they are paying today they will come back and maintain it," Griffis said.
- Move out and receive a negotiated buyout amount now.
- Become limited owners in the project by investing the buyout amount, which would give tenants the potential for returns on their investment. "Once we deliver they could potentially be getting a check every month," he said.

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