



## Potomac Yard Metro site up in the air

By Michael Neibauer

A new question has emerged about the proposed Potomac Yard Metro station: Should it sit on the ground, like the station at Morgan Boulevard, or hang in the air, like those under construction in Tysons Corner?

Three potential locations for the Potomac Yard infill station are under consideration as finalists as part of the 2-year-old Environmental Impact Statement process. Two, Alternatives A and B, would be at-grade and east of the CSX tracks. A third finalist, Alternative D, would be aerial, west of the CSX tracks and offer direct access to CPYR Inc.'s Target-anchored Potomac Yard Center.

Alternative D is far more complicated from an engineering standpoint. It would require the construction of more than a mile of new track. It would eat into CPYR's property. It would likely push the cost well above the \$240 million original estimate. It is unpopular with the area's major developers. And it may spark legal action, as the construction site would breach the George Washington Parkway, which some Alexandria residents deem sacred.

But it is still on the table.

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TALES FROM LIVINGSOCIAL

Photo by Joanne S. Lawton

When Erik Holzherr signed his bars up for LivingSocial's Instant service, he got free iPads to redeem offers. Did the venture boost business? Page 10

## United Medical Center reform plan stalled

By Ben Fischer

A power struggle between United Medical Center board members and D.C. Mayor Vincent Gray's administration has delayed a major effort to reform the hospital's business model, an initiative Gray said in January must move forward "with rapidity."

Board members decided Jan. 24 to hire a turnaround consultant to help determine a new direction for the chronically cash-starved hospital, but the official solicitation for the potentially \$10 million contract still hasn't been published.

District officials say the solicitation will be

published "soon," but momentum on Gray's effort to steer the hospital away from its role as a costly, inpatient acute-care facility toward a primarily outpatient-focused campus has slowed to a crawl in the meantime.

An early draft of the solicitation, prepared by the D.C. Department of Health Care Finance, would have given the eventual consultant carte blanche to enact changes, said board member Andrew "Chip" Richardson.

The board, dominated by Gray appointees, demanded the right to check a consultant's proposals before proceeding, several sources said.

Also, the 2010 law creating the structure for District control of the hospital establishes

the board of directors as the ultimate authority.

"We want to make sure we could remain responsible as a board for our role in this," Richardson said. "We have certain fiduciary responsibilities, and we felt we couldn't delegate that to Health Care Finance."

Those differences have been ironed out, multiple sources say, and the administration will publish the solicitation as soon as the hospital has authorized \$5 million to fund it, Health Care Finance Director Wayne Turnage said. It's not yet clear where the money would come from. The city hopes the federal

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Best Real Estate Deals of 2011

Ray Ritchey and Boston Properties win the Deal of the Year for the Square 54 development. Page 36



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### FedBiz

Lobbyists and their clients fear the STOCK Act will stifle business.

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### Commercial Real Estate

Bethesda's surge in apartment supply continues with a new development.

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## Best Real Estate Deals

## Community Impact



## Winner

## 3Tree Flats

**Location:** 3910 Georgia Ave. NW, Washington  
**Deal size:** 125,000 square feet  
**Deal value:** \$42 million development cost  
**Developer:** Jair Lynch Development Partners/AHD Inc.

Three, it turned out, was an extremely fitting title for the 3Tree Flats apartments in the District's Petworth neighborhood.

That's precisely how many months it took for developers Jair Lynch Development Partners and AHD Inc. to completely lease their 130-unit rental building at 3910 Georgia Ave. NW, built atop a 28,000-square-foot commu-

nity health center.

The five-story apartment building received its certificate of occupancy in February 2011 and by May was fully occupied. The pace of leasing of the 119 subsidized units showed how much demand existed for affordable housing in the Northwest D.C. neighborhood.

The project almost never happened. In 2007, the National Capital Revitalization Corp. nearly revoked its selection of Jair Lynch to develop the site because, at that point, the developer still needed another \$5 million in financing to pay for the \$42 million project.

Jair Lynch was able to prevail in large part because the transit-oriented development

drawed a significant amount of public and private financing. It secured low-income housing tax credits, city loans and tax-exempt bond funding that helped it set aside a majority of the residential units for households at or below 60 percent of the area's median income. In addition to the affordable housing units, there are 11 market-rate rentals.

But what, after all, is in a name, if not for a three-month lease-up period? The developers named 3Tree after a steel sculpture commissioned by Robert Cole depicting three trees, meant to connect the project to nature and to highlight the building's environmentally friendly features.

— Daniel J. Sernovitz



## Runners-up



## The Avenue

**Location:** 2200 Pennsylvania Ave. NW, Washington  
**Deal size:** 512,000 square feet, 335 residential units  
**Deal value:** \$360 million  
**Developer:** Boston Properties Inc.

George Washington University got a cash cow worth \$9 million a year in ground rent — and Boston Properties Inc. got to develop 440,000 square feet of offices, 335 luxury rental units, and 72,000 square feet of retail space. The offices at 2200 Pennsylvania Ave. NW delivered in March, with the residences following in May.

All that came from the university's decision in 2004 to select Boston Properties to redevelop the former GW Hospital site at Pennsylvania Avenue and 23rd Street NW into a mixed-use center now known as The Avenue. Boston Properties worked for more than three years to get the entitlements to build the project, and its efforts have brought hundreds of new jobs and retailers including Whole Foods to D.C.'s Foggy Bottom neighborhood.



## Fillmore Silver Spring

**Location:** 8656 Colesville Road, Silver Spring  
**Deal size:** 2 acres, 29,000-square-foot Fillmore, 135,000-square-foot hotel and 225,000 square feet of office space  
**Deal value:** \$11.2 million in development costs; \$3 million donation of land  
**Developer:** Lee Development Group  
**Tenant:** Live Nation  
**Landlord:** Montgomery County

Montgomery County wanted to bring a live music venue to Colesville Road to help further revitalize downtown Silver Spring. Developer Bruce Lee wanted the ability to build more than what would have otherwise been permitted under county zoning law. And Lee was sitting on a pretty large and prominently located retail site at 8656 Colesville Road, previously occupied by J.C. Penney.

And so Lee agreed to donate the former J.C. Penney space now leased to entertainment venue Live Nation to the county in exchange for the right to develop a 225,000-square-foot office building and a 135,000-square-foot hotel in the future. And, in the meantime, Live Nation opened its Fillmore Silver Spring in September 2011. The venue now employs 160 people.