

**Marshall Heights Community Development Organization's  
DC Department of General Services  
Unsolicited Ground Leasehold Proposal**



*for*  
**2337 Pennsylvania Avenue, SE  
Washington, DC 20019**

**Marshall Heights Community Development Organization  
3939 Benning Road, NE  
Washington, DC 20019**



## **Table of Contents**

I. Contact Information	03
II. Purpose of Proposal	03
III. Organization History	03
IV. Penn Ave Satellite Locations Rationale	04
V. Intended Usage of the Building	05
VI. Proposed DGS Terms of Property Conveyance	05
VII. Economic Development Ancillary Net Benefits	06
VIII. Exhibit A	07

## **CONTACT INFORMATION**

**Applicant Name:** Marshall Heights Community Development Organization, Inc.

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## **PURPOSE OF PROPOSAL**

Recently, awarded the Pennsylvania Avenue East Main Street Program (PAEMS) designation by DC Department of Small and Local Business Development (DSLBD), the purpose of this unsolicited proposal to DC Department of General Services (DGS) is to negotiate and execute a long term ground lease of 2337 Pennsylvania Ave, SE that establishes a Marshall Heights Community Development Organization, Inc. (MHCD) satellite location in order to administer and operate commercial revitalization program strategies of PAEMS. Upon being awarded control of the property from DGS, MHCD intends to make specific renovations to bring the property up to code and operational for small business technical assistance for businesses along the Pennsylvania Avenue commercial district node.

## **ORGANIZATION HISTORY**

Founded in 1979, MHCD was established to resolve the affordable housing crisis facing Ward 7 residents of the District of Columbia. As an 11 staff, 15 board member, 501(c)(3) with a \$2 million annual operating budget, the organization's philosophy fosters a belief that affordable housing and business development is a fundamental element of neighborhood stabilization, economic growth and social cohesion.

Throughout the 1980's until the late 1990's, MHCD was administratively and programmatically funded by a Department of Housing and Community Development (DHCD), Neighborhood Development Assistance Program (NDAP) grants which used Community Development Block Grants (CDBG). Under NDAP funding, MHCD facilitated business development and commercial revitalization expansion for the Ward 7 business community In partnership with Howard University Small Business Development Center (HUSBDC) and Small Business Administration (SBA), MHCD was able to establish an internal and external referral technical assistance program to provide services to small businesses including, but not limited to marketing, cash flow analysis, merchandizing, taxes and recordkeeping and entrepreneurship training. In order to provide access to capital, MHCD established a joint agreement with H Street CDC's Micro-Loan Program whereby MHCD marketed the program and packaged \$200k in loan production to H Street Community Development Corporation (CDC) for approval.

MHCDO helped establish a merchant association along the Minnesota Ave-Benning Road commercial districts, which lead to specific commercial revitalization activities including a DHCD funded facade improvement initiative of 48 properties. MHCDO co-developed the Northeast Business Park, which includes a small business center for below-market office space, and attracted franchisee Denny's Restaurant and Chesapeake Bagel Bakery. Recently, MHCDO has submitted a \$1.4 million proposal to establish a Business HUB including a culinary training center and business incubator.

MHCDO is a producer and provider of more than 1,000 units of affordable multifamily and single family product, valued at \$126 million. Specializing in public/private partnerships, MHCDO brings together public agencies, institutional banking and financial intermediaries to execute affordable housing projects.

Under its commercial real estate program, MHCDO has purchased and redeveloped East River Shopping Center, a 200,000 square foot strip center, and provided technical assistance to hundreds of local businesses within the primary commercial district corridors.

### **PAEMS SATELLITE LOCATION FOR COMMERCIAL DISTRICT REVITALIZATION**

The commercial corridor of Pennsylvania Avenue shows significant economic and commercial potential for effective new neighborhood retail growth and small business stabilization. Despite moderate population losses, the neighborhood still contains considerable market strength. It is estimated that the retail and restaurant net leakage is millions of dollars per year. An effective approach to Pennsylvania Avenue commercial district revitalization must tap net leakage demands through small business stabilization and economic growth. The potential for new commercial activity within the Pennsylvania Avenue district is among the most promising locations for neighborhood commercial commerce transformation in the Washington, DC.

MHCDO by having a physical operational presence on Pennsylvania Avenue for the execution its Main Street Program will advance the following goals:

- Brand the organization in the retail core by promoting corridor district connectedness.
- Reduce net outflow of consumer, taxable income within the district by capturing neighborhood expenditures.
- Support the retention of existing businesses while simultaneously building and attracting a new market demand, retail diversity.
- Improve storefronts within the Pennsylvania/Minnesota Avenue, Pennsylvania/Branch Avenue and Fairfax Village nodes.
- Provide standard and innovative technical assistance services that meet needs to address COVID-19 challenges including:

- Support renegotiation of leases continued rent referenda, forgiveness of past due payments, or beneficial terms.
- Provide referrals to financial services in position to provide support enabling continuity of operations.
- Promote business enterprises, events, special features through broadcast and print media or through creative marketing events.

**INTENDED USAGE OF THE BUILDING**

To meet the responsive challenges and evolving small business demands of the Ward 7 market, MHCDO/PAEMS envisions using 2337 Pennsylvania Ave, SE as the linchpin for activating the 2330 block of Pennsylvania Avenue SE by serving as a pop-up space for local businesses and Made In DC, incubator, and a commercial flex space that assists with the broader small economic development concerns of building new are businesses. Understanding the diverse complexities of small business development along the Pennsylvania corridor, the usage of the building throughout the duration of MHCDO’s occupancy will be framed as follows:

1. Primary, Permanent Usage
  - Office satellite to operate and facilitate the technical assistance programs of the MHCDO/Pennsylvania Ave East Main Street Program.
  - Serve as a base of operations for the DSLBD sponsored Clean Team for the corridor.
2. Ancillary, Incubator Usage
  - Erect small “Pop-ups” and kiosk feature retail opportunities on a rotational, quarterly basis for local business start ups.

**PROPOSED DGS TERMS OF PROPERTY CONVEYANCE**

Within the programmatic and administrative framework set forth above to execute commercial business development and tax base growth along the broader Pennsylvania/Minnesota and Fairfax Village node, MHCDO proposes conveyance of 2337 Pennsylvania Ave, SE from DGS.

**DGS Property Transfer:** Exclusive Rights, Unsolicited Proposal Award

**Contractual Instrument:** Land Disposition Agreement (LDA)

**Type of Conveyance:** Long Term Ground Leasehold Improvement

**Proposed Terms of Lease Tenure:**

- 15 year, triple net (NNN) building control
- \$1,200 annual lease

-\$5,000 lease down payment

**Building Improvements:** Leaseholder 100%

### **ECONOMIC DEVELOPMENT ANCILLARY NET BENEFITS TO COMMUNITY**

Being strategically located at 2337 Pennsylvania Ave, SE, it's the comprehensive vision of MHCDO to reduce net outflows of consumer, taxable income within the Main Street district core by capturing and retaining neighborhood expenditures in order to create authentic sustainability and economic growth within the local economy. The following four outcomes will partially serve to achieve such goals:

#### Outcome 1:

MHCDO/ Pennsylvania Avenue East (PAEMS) unify and strengthen the commercial corridor by preparing a Master Plan to simulate the economic revitalization of the designated commercial districts in Ward 7 that identifies and prioritizes the needs of these areas and develops a business association of shared leadership and resources.

#### Outcome 2:

MHCDO/PAEMS will develop and implement a plan to improve commercial properties by working closely with developers to improve properties and lease currently vacant stores. MHCDO/PAEMS will assess 20 at high-risk at at-risk stores vulnerable to going out of business and develop plans and resources for consideration by the owner. If approved, MHCDO/PAEMS will work with the owner to introduce resources as requested.

#### Outcome 3:

MHCDO/PAEMS will establish and implement a plan to improve streetscapes in Fairfax Gardens and Minnesota/Pennsylvania Avenue shopping areas and identify funds for improvements.

#### Outcome 4:

MHCDO/PAEMS will assist businesses with the retention and expansion by increasing monthly access to broadcast and print advertising (12); developing coupon and discount incentive programs for residents and local employees; and planning and executing four (4) local events resulting in increased opportunities to attract customers and increase sales.

# EXHIBIT A



Exterior Front Facade, 2337 Penn Ave, SE



**Interior, 2337 Penn Ave, SE**