



Capitol Riverfront Business Improvement District
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capitolriverfront.org

September 24, 2014

Mr. Anthony Hood
Chairman
DC Zoning Commission
441 4th Street, NW
Suite 200S
Washington, DC 20001

RE: PUD Extension for 250 M Street at Canal Park

Dear Mr. Hood:

I am writing on behalf of the Capitol Riverfront BID (BID) to support the request by WC Smith for the DC Zoning Commission to grant an extension for the PUD approved for the development project at 250 M Street, SE. The project has been designed as an office building, and the PUD was originally approved with that primary land use in mind.

The Capitol Riverfront BID oversees and provides management services for a 500-acre neighborhood that is experiencing a rapid transformation from a light industrial “back yard” to a robust, mixed-use neighborhood. Since 2007, the Capitol Riverfront BID has been working to achieve our goal of a vibrant, economically strong neighborhood in southeast on the Anacostia River. Part of that process is working to ensure a complementary mix of uses throughout the area, a balance of land uses that ensures a complete and vibrant community with residents, employees, and visitors all enjoying an urban, walkable neighborhood.

For example, the BID recently completed a retail study with Streetsense to examine how much retail could be supported by the neighborhood at build-out, and where that retail should be clustered for maximum synergy and co-tenancy opportunities. Retail is an integral land use for a mixed-use community with a strong residential and employment population.

Based on current trends in the regional and local office marketplace – specifically the compression and downsizing of space by office tenants – we are becoming concerned that our neighborhood may be shifting too heavily towards residential projects. Some properties originally slated for office space are now being built as apartment buildings, due to the stagnation in the local office market from compression and other factors.

The neighborhood needs to maintain balance of uses in order to have a high-quality mixed-use area that both serves the residents, workers and visitors, but also take advantages of our neighborhood’s competitive advantages in the office marketplace – economic value, including proximity to downtown and the US Capitol complex; excellent transit access and regional proximity; and world class parks and access to the river.

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We think it is very important that 250 M Street, SE site have the opportunity to “ride through” the current office market downturn, and ultimately be developed as an office building. The site’s location on M Street reinforces this major corridors emergence as our office “Main Street”, and

strikes a balance of land uses in the area surrounding Canal Park. Additional office workers in this area will lend daytime/lunch support to the restaurants that are currently populating the neighborhood.

Because of federal budget uncertainty and downsizing of square footage requirements by Federal agencies and private companies, the DC area office market has been slower to recover than the rest of the county. However the market will improve – Congress can’t operate on a stalemate indefinitely, and the local economy is diversifying to include other office space users.

Due to the aforementioned competitive advantages of our neighborhood, we are seeing the Capitol Riverfront office market become a location for nonprofits and associations, media companies (like CBS Radio who is moving here from Lanham, MD), additional GSA and Federal agencies, high tech companies, and architecture and engineering firms. With a \$15/SF difference (lower) in lease rates when compared to the downtown market, our location makes great economic sense to tenants in the marketplace.

The BID looks forward to seeing the office building at 250 M Street, SE completed and contributing to the office market and economy of the Capitol Riverfront neighborhood and the District of Columbia. We support the extension of the PUD for the project as an office use.

Thanks you for the opportunity to comment on this development project and its value to our growing neighborhood.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Stevens", with a long, sweeping horizontal line extending to the right.

Michael Stevens, AICP
President
Capitol Riverfront BID