GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF PLANNING

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Office of the Director

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MEMORANDUM

TO: District of Columbia Zoning Commission

FROM: Ellen McCarthy, Director

DATE: January 20, 2006

SUBJECT: Office of Planning Supplemental Report on Zoning Commission Case No. 05-36
Consolidated and Preliminary PUD and Map Amendment for Square 749
200 K Street, N.E.

INFORMATION REQUESTED OF THE OFFICE OF PLANNING

The Zoning Commission has asked the Office of Planning to:

- Clarify its position with respect to the applicant's requested 5% increase in the floor area ratio (FAR), under 11 DCMR § 2405.3, and
- Provide information on the median income in the proposed PUD's census tract.

Five Percent Increase in FAR

Section 2405.3 permits the Commission to authorize an FAR increase of up to 5% above that otherwise permitted a PUD under Section 2405.2, provided that the increase "is essential to the successful functioning of the project and consistent with the purpose and evaluation standards of this chapter [Chapter 24]".

The applicant has requested a PUD related zone change to C-3-C, which permits an FAR of 8.0. The applicant has also requested a 5%, or 0.4, FAR increase under Section 2405.3.

The applicant has stated that the 5% bonus is "*essential to the successful functioning of the project" because the .40 FAR bonus provides approximately 40,433 square feet, enough for approximately 37 residential units. These bonus units make it economically feasible for the Applicant to provide the total of approximately 78 affordable units at below-market rates. Moreover, the proposed 8.40 FAR is consistent with the purpose and evaluation standards for Planned Units Developments because it will facilitate development of the high-density residential use intended b y the C-3-C zone district and the District's policies encouraging residential development*.... (November 28, 2005 Applicant pre-hearing statement, pp. 8-9).

ZONING COMMISSION
District of Columbia

ZONING COMMISSION
District of Columbia
CASE NO.05-36
EXHIBIT NO.28

The Zoning Commission has asked OP's position on:

- Whether the bonus is essential to the successful functioning of the project.
- Whether the bonus would be used to gain project value to pay for an amenity;
- If so, what would the implications be of permitting the setting of such a precedent;
- If so, should the Commission clearly state that the 0.4 FAR increase is being granted only to permit the provision of affordable housing over and above what would be a typical public benefits and amenities package for a PUD?

OP does not believe that the applicant has demonstrated that the bonus is essential to the successful functioning of the project *per se*. Rather, the applicant has implicitly tied the bonus to the provision of a certain exceptional amount of affordable housing public amenity.

The 0.4 FAR bonus request surfaced in mid-2004 as part of PUD extension Case No. 01-28, the predecessor to the current PUD case. The applicant proposed changing the project from office and residential to essentially all-residential, eliminating certain amenities and public benefits approved in Order No. 783, and substituting 13.77% of the project's total residential gross square footage for the eliminated public benefits. The Applicant then stated that the proposed amount of affordable housing would not be achievable without a 0.4 FAR increase. OP noted that the applicant would need to demonstrate compliance with Section 2405.4. The affordable housing proffer was subsequently reduced to 10.98%, but the discretionary FAR increase remained at 5%. These levels have been maintained in the current Case Number 05-36.

OP's ongoing Inclusionary Zoning analysis indicates that for steel and concrete frame construction in the C-3-C zone, a bonus of 1 square foot is appropriate to balancea requirement that 1 square foot of affordable housing be provided to a household earning 80% of the area median income. Using this analysis, the 0.4 FAR, 40,433 square foot bonus would help pay for the construction of approximately 35 to 40 affordable units.

Without the additional 40,433 gsf, the applicant's 86,971 square feet of affordable housing would be reduced to 46,538 gsf. This lower figure would be approximately 5.6% of the project's total residential gsf, and 17.3% of the project's 268,205 gsf or bonus gfa at an 8.0 FAR. These amounts and percentages would be equivalent to the lower to mid range of affordable housing public benefits recently conditioned by the Commission as part of other PUDs. All of these PUDs' benefits and amenities packages included items in addition to affordable housing, as does the Applicant's.

The Applicant's proffers were listed in Section III of OP's December 27, 2005 final report on the application. They include: a 27,000 sf public plaza; 12,000 gsf of retail space; taller retail space ceiling heights; a 3,000 sf day care center; "green roof" elements; flex-car/zip-car; exemplary architecture and landscaping, including the differentiation of, and separate entrances for, the lower-floor townhouse-like units. The proposed PUD, with these benefits and amenities, and with 46,538 gsf of affordable housing, would likely be a viable PUD, but it would not have the

distinguishing characteristics of the additional 40,433 gsf of affordable housing in the PUD now before the Commission..

There seems to be a direct relationship between the applicant's project value gained by the 0.4 FAR and the provision of affordable housing over and above what has recently been approved as part of other PUDs' public benefits packages. OP does not believe this is inconsistent with the intents and purposes of Chapter 24. Section 2403.9 (j) permits such benefits to be in a category that "substantially advances the major themes and other policies and objectives of any of the elements of the Comprehensive Plan". This benefit clearly advances the Comprehensive Plan's affordable housing goals and objectives.

OP believes it would be appropriate for the Commission to approve the additional 0.4 FAR and clearly tie it to the provision of approximately 40,433 of the proposed 86,971 gsf of affordable housing.

With respect to precedent, if the Commission approves the additional 5% FAR, OP believes it is important for the Commission to find that:

1. The level of proffered benefits is exceptional, that in addition to other benefits and amenities typical in other PUDs, this project would provide the highest percentage of affordable housing yet proffered as part of a PUD, and that one of the PUD's distinguishing characteristics would be eliminated if it provided only 5.6% of its total residential gsf as affordable housing, rather than the proposed 10.98%.
2. The successful functioning of the project as a PUD offering the proffered exceptionally high level of public benefits and amenities would not be possible without the additional 5% FAR requested by the applicant under Section 2405.3.
3. Any requested reduction in the proffered benefits and amenities would require the Commission to consider a reduction in the level of bonus FAR granted to the project under Section 2405.3.

Median Income of Census Tract

Census Tract	85
Median Household Income, 1999-2000	$35,225
Estimated Median Household Income, 2004	$40,861
Average Household Size, 1999-2000	2.8
Income Category of Average 3-Person Household in Census Tract	Very Low. 50% of Area Median Income (AMI). ($ 40,185)
Income Target for PUD Affordable Unit Households	Low. 80% of AMI. (Up to $ 64,296 for 3-person household).
Projected Income Targets for PUD Market Rate Unit Households	Moderate to High, 120% - 150% of AMI

The proposed PUD is in census tract 85, which had a median household income of $35,225 when surveyed for the 2000 census. There have not yet been updates for that census tract, or for the Public Use Microdata Area (PUMA) of which that tract is a part. However, the rate of increase for the District-wide median household income between 2000 and 2004 has been estimated at 16%.

If the District-wide estimated rate of increase is applied to census tract 85, the estimated median household income for the tract in 2004 would be $40,861.

The average household size in census tract 85 was 2.81 in 1999-2000. For the purposes of this memo, OP has rounded that up to 3 persons. The District classifies a three-person household earning $40,185 as "very low income"; i.e., earning 50% of the area median income (AMI). Almost half of the households in the PUD's census tract 85 are very low income households.

The proposed PUD's affordable housing units are targeted to households the District classifies as "low income"; i.e., earning 80% of the AMI which, for a District household of 3 in 2004 was $61,488.

The project's market rate units are targeted to households earning 120% to 150% of the area median income.

Emc/slc