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PUBLIC HEARING REPORT

TO District of Columbia Zoning Commission
FROM Jennifer Steingasser, Deputy Director Development Review & Historic Preservation
DATE September 19 2008
SUBJECT ZC Case Number 05-38A - PUD Modification Request
Marina View - 1100 6th Street SW, Ward 6 ANC 6D

I BACKGROUND

At its July 14, 2008 public meeting the Zoning Commission set a date for a public hearing to consider modifications to the approved Planned Unit Development (PUD) for the Marina View apartment site at 1100 6th Street SW. The Zoning Commission took final action to approve the original PUD at its May 14, 2007 meeting. The Commission determined that the changes were not minor modifications and warranted more complete discussion at a public hearing.

OP estimated that the FAR gained through the process was approximately 119,000 sq ft with an additional 22 feet of height over what would otherwise have been permitted by-right. The approved amenity package consists of the provision of affordable housing and both purchase and rental incentives for existing residents, the provision of ground floor retail along a major pedestrian corridor, resolution of shared lane access with Waterside Mall, upgrading the existing residential towers, green building design elements, improved facilities for residents of the development, and contributions to neighborhood schools and parks. The modifications to the approved PUD included a series of changes to the building and landscape design, and changes to the amenity package, mainly resulting from a decision to change from a mixed condo / rental project to an entirely rental project.

II PROPOSED PUD MODIFICATIONS AND ANALYSIS

As noted in the July 3 2008 report from the Office of Planning and in the applicant's submissions, the current application includes modifications to building and landscape design, and to the amenity package.

Design Modifications, with OP summary analysis include

Redesign of the east façades of the new buildings Changes include removal of balconies, alterations to window design and placement, and introduction of a covered arcade separating the pedestrian way from the new alley between these buildings and Waterside Mall to the east. OP is not opposed to this design, and the simplified form and detailing may match buildings proposed for the Waterside Mall site, although this elevation no longer matches other façades on these buildings. OP is not opposed to these changes.

Alterations to the base of the existing I M Pei designed towers The major change is the replacement of the curved glazed walls with flat glazing. The proposed simplified design is not out of character with the existing buildings, and the Historic Preservation (HP) staff has advised that they have no concerns with this change. OP is not opposed to these changes.

ZONING COMMISSION
District of Columbia

CASE NO 0538A

EXHIBIT NO 16

ZONING COMMISSION
District of Columbia
CASE NO.05-38A
EXHIBIT NO.16

Recreation Building The façades of this new building have been completely altered. Again, although significantly simplified, the proposed design is not particularly out of keeping with the proposed use. OP is not opposed to these changes.

Central Courtyard The applicant is proposing to move the common pool from the roof of the amenity building to the north-east corner of the central courtyard. Although not in keeping with the original design, placing it in this location will make it more visible and public, and may help to activate the courtyard. OP has no major concerns, provided that security required for the pool does not limit or inhibit pedestrian access through the courtyard. HP staff have indicated no concern with this change. OP is not opposed to these changes.

Amenity Package Modifications, with OP analysis, include

Tenant condominium discounts A determination by the Zoning Commission of an appropriate valuation for the original amenity package, which the Commission used to weight its decision for approval of the PUD, will be needed to determine the adequacy of replacement items. The original proposal was for the development to have a mix of for-sale, and for-rent units. The approved Order included a proffer from the applicant to provide a discount to existing tenants towards the purchase of a new condominium unit, in the amount of \$100 per square foot. At the time, this was estimated to have a value in excess of \$3.2 million, based on an assumed sales price of \$525 per square foot, and 50 tenants deciding to take advantage of this offer. The applicant later noted that only 19 of the tenants had expressed an interest in this offer.

Due to current housing market conditions, the applicant has decided to proceed with an all rental regime, so this amenity item is no longer relevant. Existing residents will still be able to take advantage of a rental discount program, but this is an item normally provided by developers, and required for some forms of tenants, and does not compensate for the loss of an amenity item which provided for home ownership opportunities.

Of question is the Commission's understanding of the original amenity item and its value, as either

- a proffer of a \$100 per square foot subsidy as described in the OP report, in the applicant's submissions, and in the PUD Order, in which case the applicant valued the item at approximately **\$3.2 million**, assuming 50 current tenants would take advantage of the offer. Even assuming only 19 tenants would take advantage of the offer, the amenity item would have had a value of **\$1.23 million**, or
- a variable maximum amount with a *maximum* subsidy of \$100 per square foot based on an assumed \$525 per square foot sales price, as implied by testimony from the applicant at the hearing. In this case, the applicant has valued the item at approximately **\$308,000**, based on a current assumed sales prices in the area of \$450 per square foot, and projections that only 19 existing residents has expressed an interest in taking advantage of this item. Under this scenario, the amenity item would disappear altogether if area sales prices dropped below \$425 per square foot.

While OP understands that, with the change from condo to rental, this amenity item becomes not relevant, the Commission's understanding of the original proffer will be important to assess the value of the amenity item, and therefore the need for and value of replacement amenity items.

The applicant has proffered the following as the alternatives to the condo discount purchase program

- 1 *The Applicant will pay for and undertake the renovations for the Town Center West Park outlined in the WRT study up to a value of \$178,500. The Applicant will complete its renovations prior to the issuance of the Certificate of occupancy for the new South Tower*

The Town Center West Park, a well designed small park located directly to the north of the subject site, is currently owned and managed by the National Park Service, but is intended to be transferred to the District. As part of the original PUD approval, the applicant undertook a \$15,000 study to assess repairs and improvements to the park. The applicant is now proposing to also pay for these improvements. The current submission includes a cost breakdown, which amounts to \$178,500 for both design and construction of the improvements. OP considers this a suitable amenity item, subject to

- The applicant agreeing to finance the full cost of the scope of work outlined in the Study, rather than provide funding in the amount of up to \$178,500 (the current estimated cost). This would not only encourage earlier completion of the project, but would also ensure that the applicant would be responsible for the full cost if costs rise prior to construction,
 - Completion of these renovations prior to issuance of a building permit for either of the new residential towers rather than a C of O for the new south tower as proposed by the applicant, and
 - Agreement from the agency that will have jurisdiction over this park space
- 2 *A financial contribution of \$50,000 to the Deputy Mayor for Planning and Economic Development's (DMPED) Shuttle-Bug proposal. In the event that the Shuttle-Bug program is not implemented by the ODMPED, the \$50,000 would be held in escrow for use by the ANC's Community Investment Fund*

OP has confirmed this amenity item with the Office of the Deputy Mayor for Economic Development (DMPED) and supports this initiative as it will facilitate safe and convenient movement through the neighborhood when these sites are under construction. It is fully expected that the program will be implemented shortly. However, if the Shuttle-Bug program is not implemented, the applicant should be required to return to the Zoning Commission with a further minor modification to address more specifically where the \$50,000 would be allocated.

Financial contributions to community groups The Commission approved contributions of \$17,000 to Jefferson High School to renovate the school library, \$17,000 to Amidon Elementary School for library repairs, \$17,000 to Bowen Elementary School to be put toward technological advancements including computers and Smart Boards, and \$15,000 to the Southwest Library to be used to expand their resource collection. As Bowen School is now scheduled to be closed, the applicant has amended the package to contribute \$22,000 each to Jefferson Middle School, Amidon Elementary School, and Friends of the Southwest Library. OP has no concerns with this modification.

OP further notes that, under the terms of the approved PUD Order, the applicant is also required to increase the amount of affordable housing from 11,541 sq ft to 16,000 sq ft - 2.6% of the total development or 13.5% of the density gained through the original PUD. As this is a requirement of the original PUD Order, this is not a new or enhanced amenity item.

III CONCLUSION & RECOMMENDATION

Although they may generally represent somewhat of a diminishment of the originally approved design, OP is not opposed to the changes to the design of the buildings or landscape and recommends their approval

With regards to the amenity items, a determination by the Commission of an appropriate valuation for the original package, which the Commission used to weigh its decision for approval of the PUD, is needed to determine the adequacy of replacement items. If the Commission accepts the applicant's determination of the valuation of the original amenity package as outlined in this modification request, then the proposed modifications to the package appear to represent a generally acceptable replacement package, subject to the following modifications

- The modified Order noting that, if the applicant reverts back to a project with condo units that the originally proffered amenity item of a homeownership subsidy be reinstated,
- With regards to the improvements to the Town Center West Park, completion of these renovations prior to issuance of a building permit for either of the new residential towers, agreement by the applicant to finance the full cost of the scope of work outlined in the Study, and the applicant confirming agreement for this work from the agency that will have jurisdiction over this park space
- A financial contribution of \$50,000 to the Deputy Mayor for Planning and Economic Development's ("DMPED") Shuttle-Bug proposal, with the applicant to return to the Zoning commission for a minor modification if the Shuttle-Bug program is not implemented by the ODMPED
- Contributions in the amount of \$22,000 each to Jefferson Middle School, Amidon Elementary School, and Friends of the Southwest Library

If, however, the Commission does not accept the applicant's determination of the valuation of the original amenity package, then the replacement items proffered in this modification, at a value of about \$230,000, represent a significant drop in value of the original amenity package, and additional replacement amenity items should be proffered by the applicant

JLS/jl