DEPUTY MAYOR FOR PLANNING AND ECONOMIC DEVELOPMENT
STATEMENT IN SUPPORT
OF BZA APPLICATION NO. 17232
FOR NCRC AND DCUSA

Delivery by
Michael A. Jasso, Special Assistant

The Office of the Deputy Mayor for Planning and Economic Development wants to assure the Board of Zoning Adjustment of its continued support of the subject application and the Deputy Mayor's position that the burden of proof for the variance for the reduction of off-street parking has been met. The project is a major economic development initiative of the city. It has been subject to much review and coordination within both the executive and legislative branches.

By way of background, in late 2001 the developer submitted to the District government an initial request for a Tax Increment Finance(TIF) subsidy in the amount of approximately $51 million. This subsidy was intended largely to cover the capital cost of providing the off-street parking. An analysis of the project was undertaken by the Chief Financial Officer(CFO). This analysis reviewed the likely revenues that would be generated by the project and the ability to finance the total project costs through conventional debt and equity. Although the CFO could not certify the project at that time as eligible for the level of subsidy required due to insuffient tax revenue generated to finance the proposed District contribution; that analysis and all undertaken subsequently verified the need for project gap financing to cover the cost associated with providing parking.

Since the approval by the Board of Zoning Adjustment in May, 2002, of a larger project with 1,364 parking spaces and a three-level garage, further studies have been done as to the cost ramifications of providing the three-level parking garage. These studies have shown that the incremental cost of the third level would exceed $8 million, including extraordinary costs involved with protecting the garage because of the high water table and the unique costs involved in constructing nearer to the Metro tunnel. These additional costs have rendered the previously approved project economically infeasible, because those costs could not be absorbed in the project budget.

Therefore, in order to keep the project viable, District officials met with representatives of the developer to reconfigure the project to include a garage on two levels only, containing 1,000 spaces. The use of up to $40 million of TIF for this project was certified by the CFO and approved by the District Council in July 2004. With the District's and NCRC's continuing participation in the project, two levels would be feasible and the project can move forward. The square footage of the project before you today has therefore been reduced in size from the previously approved project to a size that can be adequately accommodated by the 1,000 car garage. The requirement to provide an extra 600+ parking spaces, which are not needed by the modified project, at a cost which renders the project infeasible, is certainly a practical difficulty to NCRC, DCUSA and the District of Columbia.

BZA
Case No. 17232
Exhibit No. 41

Board of Zoning Adjustment
District of Columbia
CASE NO. 17232
EXHIBIT NO. 41

The DDOT analysis and the reports submitted by the applicant's expert traffic consultants support the proposition that sufficient parking is being provided for the proposed project. The Deputy Mayor's Office is enthusiastically behind the development of this site as an urban retail center for the Columbia Heights neighborhood, because of the substantial positive impact that it will have in reducing sales tax revenue presently lost to the suburban jurisdictions and being paid by D.C. residents. The Deputy Mayor's Office only sees benefit through the approval of the proposed project and does not see any substantial detriment.

In addition, the Deputy Mayor's Office supports the special exception relief for multiple roof structures. The roof area of the building is extremely large and does not lend itself to a single roof structure, given the nature and location of the uses in the building below.

In view of the foregoing, the Deputy Mayor's Office respectfully requests that the Board of Zoning Adjustment approve Application No. 17232 so that this important project, which is on the only site in Columbia Heights where a major retail center of this size and configuration can be located, may go forward.