

**SOUTHEAST FEDERAL CENTER
TEXT AND MAP AMENDMENTS TO THE SEFC-1 ZONE DISTRICT**

STATEMENT OF PURPOSE AND JUSTIFICATION

Forest City SEFC, LLC (“**Applicant**” or “**Forest City**”) submits the following statement in support of its proposed (1) amendments to the text of Subtitle K, Chapter 2 of the Zoning Regulations and (2) related amendments to the Zoning Map. The purpose of the text and map amendments is to modify the SEFC-1 Zone District to better achieve the purposes and goals of the Southeast Federal Center Master Plan, as revised (“**SEFC Master Plan**”) as well as the Applicant’s updated Yards West Concept Master Plan (“**Yards West Concept Master Plan**”). The property that is the subject of this application (“**Property**”) are the SEFC-1 zoned portions of The Yards, including:

- All of Squares 743 and 744, bounded by M Street SE, 1st Street SE, N Place SE, Canal Street SE and New Jersey Avenue SE (Parcels A, F, G, H, and I of the Yards, also known as the “**Redevelopment Zone**”)
- Square 770, Lot 40 (Parcel K), Square 771, Lots 811, 813, 814, and 7000-7010 (Parcel D), all of Square 853 (Parcel E1), and a portion of Square 883 (Parcels E2-E4), bounded by M Street SE, 4th Street SE, US DOT headquarters, 3rd Street SE, Tingey Street SE, and the Navy Yard.

The proposed text and map amendments are submitted pursuant to Subtitles X and Z of the Zoning Regulations.

Background

The SEFC Zones (formerly the SEFC Overlay under the 1958 Zoning Regulations) were adopted by the Zoning Commission in 2004 in order to implement the goals of the Southeast Federal Center Public-Private Partnership Act of 2000 and related SEFC Master Plan. The GSA-approved Master Plan called for, among other goals, the development of approximately 1.85 million square feet of private, tax-generating commercial office development within the SEFC. See Exhibit A, Table 1 (Existing Zoning – Theoretical). The Master Plan also envisioned approximately 80,000 square feet of retail use within the Property. See Exhibit B, page 1 (2006 Land Use Diagram).

The SEFC-1 Zone (formerly the SEFC/CR Zone District) was adopted by the Zoning Commission in order to facilitate the development of these office uses on the Property. The SEFC-1 zone allows a total of 3.0 FAR for nonresidential use; however, that nonresidential density can be reallocated and aggregated among the various parcels pursuant to a “combined lot development” (“**CLD**”) regime, such that some parcels can be developed with 8- to 11- story commercial office buildings and others are developed as similarly-tall residential apartment buildings. The intent of the SEFC-1 Zone District and its CLD regime was to provide the Applicant with flexibility to select which parcels are developed with commercial office use over time. See Exhibit B, page 2 (Combined Lot Development Linkage).

Since the original adoption of the SEFC Zones, the Yards has evolved into a remarkable world-class neighborhood and destination. To date, only Parcels D and K have been developed pursuant to the SEFC-1 Zone. Parcel D (now 1212 4th Street SE) is improved with a residential apartment building with 125,000 square feet of retail use, including a grocery store. Parcel K,

the Boilermaker Shops, is improved with an additional 35,000 square feet of retail use and 11,000 square feet of office use. New development has been generally focused on the historic residential “core” of the Yards (i.e. the parcels located in the SEFC-2, SEFC-3, and SEFC-4 Zone Districts). Within the remainder of the SEFC Zones, the Applicant has completed or is under design and construction with an additional 1,100 residential apartments and condominium units, 80,000 square feet of retail use, a proposed 227-room boutique hotel, a marina, and the award-winning Yards Park.

Yards West Master Plan and Development Constraints

Over the past year, the Applicant has taken a closer look at the Redevelopment Zone and undertaken a master planning exercise focused on defining a comprehensive vision for this portion of the Southeast Federal Center, which is located immediately adjacent to the Navy Yard Metrorail entrance and the high-density office and residential uses along M Street SE and near the Nationals Ballpark. The Yards West Concept Master Plan develops this vision for the Redevelopment Zone and the Applicant’s approved PUD to the south, within both the original intentions of the Master Plan and existing zoning parameters.

Briefly, the Yards West Concept Master Plan is organized around 1 ½ Street, which serves as a central pedestrian-oriented spine leading from a potential additional entrance to the Navy Yard Metrorail station south to Diamond Teague Park. As a result, the Applicant now proposes an increased amount of retail use as well as other ground-floor activating uses focused on the 1 ½ Street “spine”. Commercial office use continues to be a primary focus for the Redevelopment Zone, with the bulk of the use concentrated near the Navy Yard Metrorail Entrance.

The Yards West master planning exercise identified a need to update the existing zoning regime. The underlying zoning falls short of achieving the goals for office use under both the SEFC Master Plan and the Yards West Concept Master Plan by approximately 400,000 – 800,000 square feet. This is because all nonresidential uses—including retail uses, cultural uses, and entertainment uses as well as commercial office uses—count toward the limited 3.0 FAR of nonresidential uses available for each parcel. As a result, the increased focus on retail and other street-activating uses in the Yards West Concept Master Plan, together with the substantial area devoted to the grocery store and fitness center on Parcel D, diminishes the achievable amount of actual office use. See Exhibit B, page 3 (Proposed Land Use Diagram).

Furthermore, the CLD trading scheme requires the identification of specific “pairs” in order to reallocate nonresidential and residential densities. The limited number of available pairs among the various SEFC-1 parcels restricts the ability to actually utilize the theoretical CLD rights. Finally, historic preservation and other site constraints imposed on Parcel E (located adjacent to the Navy Yard) further limit CLD trading opportunities. See Exhibit B, page 4 (Adjusted Parcels).

The first set of tables included in Exhibit A highlights the shortfall between the commercial office development that the zoning should theoretically allow against the actual commercial office development that can be realized given these constraints and challenges. The tables document the shortfall of 400,000 – 800,000 square feet of potential commercial office use. See Exhibit A, Table 2 (Existing Zoning – Actual).

Proposed Zoning Changes

To address the above limits and achieve the forecasted 1.85 million square feet of commercial office use necessary to fulfill the Southeast Federal Center master plan and achieve a true mixed-use neighborhood, the Applicant proposes modifications to the existing SEFC-1 Zone. Broadly, the Applicant proposes to eliminate the CLD “trading” scheme and instead identify which parcels will be developed with commercial office use and which parcels will be developed with either a mix of uses or residential- and retail-only use. In addition, building on the bonus height and density already available for residential uses in the SEFC-1 Zone, the Applicant proposes to agree to design review for each parcel in exchange for bonus height and density.

For Parcels A, F, and G (the parcels located closest to Metro and most appropriate for commercial office use):

- Zone: The Applicant proposes to map these three parcels with the SEFC 1A Zone.
- Density: The SEFC 1A Zone would permit 6.0 FAR as a matter of right for any use permitted in the zone, including commercial office use. It would also allow an additional 1.0 FAR bonus, with Zoning Commission design review.
- Height: The SEFC 1A Zone would permit 130 feet in height on Parcel A and 110 feet on Parcels F and G as a matter of right. It would allow 130 feet in height on Parcels F and G with Zoning Commission design review.

For the remaining SEFC-1 Parcels (Parcels H and I in the Redevelopment Zone, and Parcels D, E, and K in the historic core of the Yards):

- Zone: The Applicant proposes to map these parcels with the SEFC 1B Zone. The SEFC 1B zone is functionally the same as the existing SEFC-1 Zone, but eliminates the use of CLDs.
- Density: The SEFC 1B Zone would permit 6.0 FAR as a matter of right, with a maximum of 3.0 FAR for nonresidential uses. It would also allow an additional 1.0 FAR bonus, but for residential use only, with Zoning Commission design review. As a matter of practicality, many of these parcels would end up developed with residential, retail or cultural/entertainment uses.
- Height: The SEFC 1B Zone would permit 110 feet as a matter of right. It would permit 130 feet in height on Parcel H only, with Zoning Commission design review.

The proposed amendments to the Zoning Map are reflected on the existing and proposed Zoning Maps included in Exhibit C. The proposed amendments to the text of the Zoning Regulations are attached as Exhibit D (redline) and Exhibit E (clean copy).

Importantly, as shown on second set of tables included in Exhibit A, the proposed heights and densities will allow approximately 1.85 million square feet of commercial office development across the entire Southeast Federal Center— the original amount intended for the Yards under the SEFC Master Plan. See Exhibit A, Tables 3 and 4 (New Zoning – Matter of Right and New Zoning – With Height / Density Bonuses).

The proposed text amendments also carry forward commitments that were made by the Applicant in connection with text amendments approved back in 2014-2015. This includes commitments to: accommodate the design of a public entrance to the Navy Yard Metrorail station on Parcel A; maintain 1 ½ Street and N Street through the Redevelopment Zone as open multimodal circulation routes, and set aside a percentage of any utilized residential bonus density for three-bedroom units. (Note that the approved text amendment called for an 8% setaside. When this setaside was ported over to the 2016 Zoning Regulations, it was unintentionally increased to a 10% setaside. The Applicant proposes to restore the approved 8% commitment.)

Comprehensive Plan

The proposed text and map amendments are consistent with the guidance of the Future Land Use Map and the Generalized Policy Map. The Property is located in the Mixed-Use High Density Residential / High Density Commercial Land Use category on the Future Land Use Map. Property to the west of the Redevelopment Zone is located in the same land use category, and property to the north of the Redevelopment Zone is located in the High Density Commercial land use category. The property is identified as a Federal Land Use Change area on the Generalized Policy Map.

The proposed text and map amendments are consistent with goals for transit-oriented development, economic development, and urban design in the Citywide Elements of the Comprehensive Plan. In particular, the Economic Development Element specifically advocates for the development of large sites with Metrorail access as opportunities for significant economic development, including new jobs. ED-1.1.5. The Economic Development Element further calls for the concentration of office growth along the Anacostia Waterfront, and it identifies Near

Southeast as one such location for signature office buildings to accommodate high-end tenants and corporate headquarters. ED-2.1.1; ED-2.1.3.

The proposed text and map amendments are also consistent with the applicable Area Element of the Comprehensive Plan. The Lower Anacostia Waterfront Area Element of the Comprehensive Plan calls for high-density mixed-use development on newly-configured parcels within a traditional urban street grid, with new buildings designed and oriented to capitalize on their waterfront setting. AW-2.3.1. The Area Element specifically calls for commercial development in the area, consistent with the Future Land Use map, focused along key corridors like M Street SE and near the Navy Yard Metrorail station, with the goal of bringing more retail choices as well as space for government and private sector activities. AW-1.1.3. The proposed amendments will further these goals and policies through the concentration of commercial office development near the Navy Yard Metrorail station.

Other Planning Guidance

As described above, the proposed amendments are wholly consistent with the Southeast Federal Master Plan and the Yards West Concept Master Plan. The amendments are also consistent with the Anacostia Waterfront Initiative Framework Plan, which calls for a new employment center with more commercial space along and near a revitalized M Street SE and specifically envisions 3-4 million square feet of office within this corridor. AWI Plan, pp. 49, 99-100, 119.

Compliance with Filing Requirements

As set forth below, the application is consistent with the filing requirements of the Zoning Regulations.

- Application Forms: Application forms for the proposed text and map amendments are attached as Exhibit F.
- Plats: Surveyor's plats for the property that is the subject of this application is attached as Exhibit G.
- Maps: Maps showing the existing and proposed zoning of the property are included as Exhibit C.
- Statement: This statement addresses the purposes and objectives of this proposal, provides a detailed description of the application's consistency with the guidance and direction in the Comprehensive Plan, and also addresses the consistency of the application with both the Southeast Federal Center Master Plan and the Anacostia Waterfront Initiative.
- Notice: Pursuant to the requirements of the Zoning Regulations, the Applicant mailed a written notice of intent to file the application on Advisory Neighborhood Commission 6D ("ANC 6D"), the affected ANC, and on all property owners within 200 feet of the property in question. Certification of mailing is attached as Exhibit H. The Applicant met with the ANC single-member district representative for the property on April 24, 2017 and presented the proposed application to ANC 6D at its regularly-scheduled and duly-noticed public meeting on May 8, 2017. The Applicant also met with and discussed the application with the Office of Planning on February 7 and April 18, 2017. The Applicant also met with the District Department of

Transportation on March 30, 2017 and met with the Washington Metropolitan Area Transit Authority on May 10, 2017. In both conversations, the parties discussed the Yards West Concept Master Plan and objectives that undergird the proposed text and map amendments and how they align with and impact the District's transportation planning priorities for the immediate area. This includes the alignment of the potential new Navy Yard Metrorail entrance, which is proposed to be located within the Yards West Concept Master Plan.

- Property Owner List: attached as Exhibit I is a list of the names and addresses of the owners of all property located within 200 feet of the property.

Conclusion

For the reasons set forth above, the Applicant requests that the Zoning Commission approve the proposed text and map amendments to the SEFC-1 Zone District.