GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF PLANNING

Office of the Director

2003 MAY 29 PM 4:45
GOVERNMENT OF THE DISTRICT OF COLUMBIA

MEMORANDUM

TO: District of Columbia Zoning Commission

FROM: Andrew Altman, Director
Office of Planning

DATE: May 27, 2003

SUBJECT: **Setdown Report for Zoning Commission Case Number 03-16/62-19**
Watergate Complex, 2650 Virginia Avenue N.W. (Ward 2, Square 8, Lot 807)
Application for Modification of a Planned Unit Development

I. RECOMMENDED ACTION

OP recommends that the Zoning Commission set down for a Public Hearing Zoning Commission Case # 03-16, an amendment to the approved Planned Unit Development (62-19) for the Watergate Complex.

II. BACKGROUND

The Watergate Complex was approved as one of the first Planned Unit Developments (PUDs) in the District in 1962 (Case # 62-19). As noted in the transcript from the April 13, 1962 Zoning Commission public hearing, the proposal was intended to provide a well planned, primarily residential development with related office and commercial facilities in an attractive and efficient overall plan related to the general area. The then proposed development anticipated 1,400 dwelling units in 3 apartment buildings, a hotel with 350 suites, an office building with over 200,000 sq.ft. of space, 95,000 sq.ft. of retail, underground parking for 1,250 cars, and over 5 acres of open space.

Subsequent to its adoption, the PUD was amended a number of times. There have been numerous applications to the BZA, most of which were related to commercial uses. It appears that application #7903 (1964) approved Stage 2 of the development, which included the subject hotel building and the adjacent office building. There were also PUD amendment applications to the Zoning Commission prior to this one. Zoning Commission application 68-58, approved December 1968, amended the site plan to affect the shape and placement of "building 1" and provide a combination of residential and commercial uses. Application 72-23 further amended 68-58. These files could not be located prior to submission of this report; OP will work with the Office of Zoning to provide a more detailed history and chronology of the development.

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III. CONTEXT – See Site, Attachment I

The site consists of lot 807, Square 008 in the Foggy Bottom neighborhood. The roughly triangular square occupied by the Watergate Complex is bound by Virginia Avenue NW to the northeast; New Hampshire Avenue to the southeast, F Street NW to the south, and Rock Creek Parkway and the Potomac River to the west. Directly to the south is the Kennedy Center for the Performing Arts. The site is also close to George Washington University and the Foggy Bottom Metro Station.

The square is currently developed with the Watergate Complex, with its visually distinctive rounded concrete forms. The complex currently includes 3 co-op apartment buildings; two office buildings, a 250 room Swissôtel, retail, and landscaping which includes outdoor pools and vehicular accesses to underground parking. The portion of the complex that is the subject of this PUD amendment application is towards the center of the site, separated from Rock Creek Parkway by park space. Vehicular access to underground parking is provided from Virginia Avenue NW. The building includes 14 above grade levels, and three underground levels that contain parking, service areas, a pool, a health club, and restaurant and banquet area.

IV. PROPOSAL

Holland & Knight LLP, on behalf of BRE/ Watergate LLC, owners of the Watergate Hotel complex, has petitioned the Zoning Commission to modify a previously approved Planned Unit Development (Final Order #, approved by the Zoning Commission in 1962) to allow the conversion of the existing 250 room hotel into a 150 – 160 unit condominium apartment building, with minor modifications to the exterior of the existing building, mainly at ground and roof levels. This PUD amendment is necessary because the original PUD required the provision of a hotel as one of the uses.

As part of the conversion, the following changes are proposed:

- In the underground areas, the conversion of existing space to provide additional parking spaces (although Staff notes that some appear to be "tandem" spaces and others appear to have difficult access); alterations to the health club area; the conversion of banquet area to amenity space and restaurant, and the conversion of service areas to new dwelling units;
- The conversion of area occupied by hotel suites and lobby areas into residential units;
- Replacement of all windows;
- The addition of roof-top terrace spaces, most for private use by penthouse suite owners and one accessible to all owners, with associated 8' high glass and metal stairwells and 6.3' high rounded stucco privacy screens; and
- The addition of new ground level open carports. These would be for use by residents - the applicant advises that there would be no visitor parking specifically for this building, although the driveway would accommodate passenger drop off.

V. COMPREHENSIVE PLAN

The proposed use is not inconsistent with the Comprehensive Plan Land Use Map designation of mixed high density residential and medium density commercial development. As the proposal involves the conversion of a hotel to apartment use, it highlights the potentially conflicting Comprehensive Plan major themes of supporting employment through tourism, and providing additional housing opportunities in accordance with the Mayor's initiative to provide additional housing to increase the population of the District by 100,000 people:

> *Increasing the quantity and quality of employment opportunities in the District* – OP has some concerns that this application would eliminate direct and indirect employment associated with the existing hotel use.
>
> *Developing a living downtown* – the proposal would provide additional dwelling units within Foggy Bottom, adjacent to the downtown core and within easy access of a metro station.
>
> *Respecting and improving the physical character of the District* and *preserving the historic character of the District* – Although the building is not a listed historic structure, it is part of a complex that has a well known, highly visible, and distinctive form and character. The proposal does not diminish this character.

This potential conflict is also evident in analyzing consistency with objectives and policies of the Comprehensive Plan, including:

Chapter 2 Comprehensive Plan: Economic Development Element

§201.1 *It is the goal of the District to retain and expand existing businesses, attract new industries, and create jobs for its residents...*

Chapter 3 Comprehensive Plan: Housing Element

§302.1 *The general objectives for housing are to stimulate production of new and rehabilitated housing to meet all levels of need and demand and to provide incentives for the types of housing needed at desired locations.*

Chapter 7 Comprehensive Plan: Urban Design Element

§710.1 *The areas of strong architectural character objectives are to protect areas of strong architectural character and to provide that the architecture of any new development in these areas be complementary to the existing architectural character.*

Chapter 11 Comprehensive Plan: Land Use Element

§1100.2 *District neighborhoods are the cornerstones of the District's social and physical environments:*

(b) The Land Use Element ... encourages a substantial amount of new housing, primarily in housing opportunity areas and near Metrorail stations...

The proposal is also considered not inconsistent with Ward 2 housing objectives and policies, and will be considered against the Ward 2 economic objectives and policies:

Chapter 13: Ward 2 Plan

§1301 Ward 2 Objectives For Economic Development

§1301.1 The objectives for economic development are as follows:

(e) Spur growth of the "visitor industry" by attracting additional visitors of all types and increasing their average length of stay in Washington ...;

(f) Retain existing businesses and develop new businesses ...

§1304 Ward 2 Objectives For Housing

(a) Stimulate production of new and rehabilitated housing to meet all levels of need and demand and to provide incentives for the types of housing needed at desired locations;

§1332 Ward 2 Objective For Hotel Development

§1332.1 To obtain a major increase in rooms in new hotels at appropriate locations in Ward 2, adding approximately 3,400 additional hotel rooms by the year 2000 (or early in the 21st century).

§1333 Ward 2 Actions In Support Of The Hotel Development Objective

§1333.1 The actions in support of the hotel development objectives are as follows:

(a) The District government should do the following:

(1) Encourage continued improvement of existing hotels;

§1350 Ward 2 Objective For Metrorail Station Development

§1350.1 The objective for Metrorail station development is to achieve the optimum development of Metrorail station areas in terms of land use, transportation, and urban design related to the development of the surrounding area.

VI. SNAP – CLUSTER

The Strategic Neighborhood Action Plan (SNAP) planning process identified near-term goals for individual neighborhood clusters. The Watergate Complex is part of Cluster 5, within the boundaries of Rock Creek Park and O Street on the North; 21st Street, New Hampshire Avenue, Pennsylvania Avenue, and 19th Street on the East; E and F streets on the South; and Rock Creek Park on the West. Cluster workshop participants were asked to identify priorities for additional action planning. The proposal is not considered by OP to be inconsistent with the priorities for FY2002 and FY2003 by residents of this cluster:

- Containment of GWU, More Student Housing on Campus, and Improved GWU/Community Relations
- Traffic and Parking
- Balance Between Residential, Commercial, University, and Institutional Uses.

VII. ZONING ISSUES

The proposed residential use is permitted within the SP-2 zone. Additional analysis is required, to ascertain whether the proposal fully conforms to zoning regulations and the requirements of the original PUD and amendments.

VIII. PLANNED UNIT DEVELOPMENT AMENDMENT

The purpose and standards for Planned Unit Developments are outlined in 11 DCMR, Chapter 24. The PUD process is "*designed to encourage high quality developments that provide public benefits.*" §2409.9 states that any modification to an approved PUD that cannot be permitted by the Zoning Administrator shall be submitted for approval by the Zoning Commission, and shall meet the requirements for and be processed as a second-stage application. The original PUD permitted the approval of "*the nature of commercial uses and commercial adjuncts*" by the Board of Zoning Adjustment. The proposed change in use from hotel to residential does not fall into this category, thus this PUD amendment must be considered by the Zoning Commission.

IX. ANALYSIS

The original PUD required a hotel as part of the Watergate complex, but also permits residential development. The proposed use is permitted under current SP-2 zoning. The change in use would conform to the Comprehensive Plan Land Use map designation, and would appear to conform to Comprehensive Plan housing, design, and land use elements, but would potentially be inconsistent with economic development elements.

Prior to the Public Hearing, OP believes that the following issues need to be addressed in greater detail by the applicant:

- Relationship of the proposed use amendment to the original PUD as well as to subsequent amendments, including assurance that the proposal fully conforms to all requirements of the PUD and previous amendments.

- Detailed relationship of the proposed use to the Zoning regulations, to ensure that the conversion from hotel to residential, the addition of on-grade parking, the addition of enclosed roof-top space, and the conversion of existing "amenity" space to other uses (and vise-versa) conforms to zoning regulations.

- Additional parking information, including access and distribution among new residents and existing users of adjacent buildings. In addition, the applicant advises that there is no parking proposed for the restaurant, as it is intended to be for use mainly by Watergate Complex residents. OP has concerns with this lack of parking, and believes that the applicant must address this issue in more detail.

- Community Concerns: The Foggy Bottom Association and the Watergate West, Inc. housing cooperative have submitted letters opposing the change in use (Attachment II). The letter from Watergate West outlines the following issues of concern:

1. owner must create a single entity which is empowered to be the assignee of the various agreements related to the complex as a whole, such as a cooperative;
2. parking representation by the owner, and parking area ownership;
3. potential impacts of new roof-top structures on views and overall building appearance – Staff notes that most of the roof structures are existing; new enclosures are minimal and of a significantly lower height than existing ones;
4. the proposed on-grade parking is contrary to the original PUD – the original PUD is not available, but Staff notes that some on-grade parking related to the hotel is existing; and
5. a reiteration that cooperative housing is preferable to condominium ownership – Staff notes that neither the zoning nor a PUD generally regulate form of ownership.

X. AGENCY PRELIMINARY COMMENTS AND REFERRALS

This application will also now be referred to the following District agencies for review and comment:

- Department of Consumer and Regulatory Affairs (DCRA).
- Department of Parks and Recreation;
- Department of Public Works (DPW);
- District Housing Authority;
- DC Public Schools;
- Environmental Health Administration;
- Fire and Emergency Medical Services Department;
- Metropolitan Police Department; and
- DC Water and Sewer Agency (WASA).

XI. RECOMMENDATION

The Office of Planning notes that additional analysis is required, but feels that this application merits being set down for public hearing. Issues raised by staff and by area residents can be addressed by the applicant prior to the public hearing.

AA/jl

ATTACHMENTS:

1. Site Plan
2. Letters submitted from Foggy Bottom Association and the Watergate West, Inc.

TELEPHONE 965-4000

Watergate West

2700 VIRGINIA AVENUE, N. W. WASHINGTON, D. C. 20037

May 21, 2003

VIA FACSIMILE

Ms. Dorothy Miller
Advisory Neighborhood Commission 2A
Saint Mary's Court
725 24th Street, N.W.
Washington D.C. 20037

D.C. OFFICE OF ZONING
RECEIVED
2003 MAY 21 PM 3:47

Re: Watergate West; Watergate Hotel; Monument Realty; Zoning Commission #03-16

Dear Ms. Miller:

I currently serve as President of Watergate West, Inc. ("West"), a 139 unit housing cooperative located at 2700 Virginia Avenue, N.W., Washington, D.C. 20037. West is advised that your organization may be considering or commenting upon a proposal that has been made by Monument Realty, as the potential contract purchaser of the Watergate Hotel, to the Zoning Commission. The proposal includes, among other things, a conversion of the Watergate Hotel, located at 2650 Virginia Avenue, N.W., Washington, D.C., into a 150 unit condominium project.

The Board of Directors of West has met once with representatives of Monument Realty and there have been constructive discussions regarding a number of aspects of the proposed conversion of the use as a hotel. Nonetheless, at the current time, West urges the ANC to disapprove the proposed conversion and concomitant amendment of the Watergate Complex Planned Unit Development (PUD) unless and until, among other things, West and Monument Realty have reached agreement on a number of key points and have reduced that agreement to writing. Alternatively, West urges the ANC to defer consideration of this matter until its June 2003 meeting.

At the current time, West objects to the proposal submitted to the Zoning Commission for the following reasons:

1. There are currently six (6) separate legal entities comprising the Watergate Complex. Each of the entities is a party to many agreements affecting access to and the use of various portions of the Watergate

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Complex. The agreement which best evidences the co-dependence and interdependence of the members of the Watergate Complex is the 1964 Agreement for Services, as amended, which outlines the specific rights and obligations of each member to the steam and chilled water service provided by a central power plant. In order to avoid any disruption in the crucial understandings of the various parties since the creation of the Watergate Complex, it is critical that Monument Realty create a single entity that is empowered to be the assignee of these various agreements. This entity must have genuine substance and must be adequately capitalized to bear both the responsibilities and the burdens of these various costs, use and easement agreements. A housing cooperative - - properly structured - - would satisfy this important need.

2. The proposal submitted by Monument Realty does not accurately represent the number or ownership of the parking spaces Monument Realty intends to make available to purchasers of future condominium (or cooperative) units. While the Hotel, and presumably Monument Realty in the event it purchases the Hotel, has certain leasehold rights to underground areas in and on which Monument Realty intends to build the additional parking necessary to support a condominium or cooperative, those rights will currently expire when the leasehold interest expires. Given the shortage of available existing parking at the Watergate Complex, the approval of any plan which anticipates additional vehicular traffic and parking without fee simple ownership of the parking facilities providing some relief for additional congestion would further damage the Watergate Complex and its residents. West, in particular, suffers from a current shortage of available parking spaces for its members and West is pursuing with Monument Realty ways in which this shortage can be ameliorated.

3. The proposal submitted by Monument Realty provides for the addition of chimneys and other proposed permanent roof-top structures. Such structures may adversely impact the views of certain residents of West and other neighbors and affect the overall appeal of the Hotel and the Complex as a whole. Since the Watergate Complex borders the Rock Creek Parkway, West is anticipating that the plans will need to be reviewed by and considered by the Fine Arts Commission. Unless and until that review has been conducted and detailed architectural drawings

submitted for public review, West remains very concerned about this aspect of the proposal.

4. The proposal submitted by Monument provides for a limited number of parking spaces on the surface of the Hotel property. Residents of the Watergate Complex were assured at the time the PUD was created and residential units were being sold that there would be no surface parking permitted at the Watergate Complex. At this juncture, West objects to the inclusion of such spaces as a violation of the PUD.

5. Monument Realty is currently planning to convert the use of the hotel into a condominium. West firmly believes that a housing cooperative would be far more consistent with the current scheme of the PUD. One criteria for PUD modifications under the D.C. Municipal Regulations is that the proposal not be "inconsistent with the comprehensive plan and with other adopted public policies and active programs related to the site". 11 DCMR 2403.4. Since the inception of the Watergate Complex in the early 1960's, all residential use, other than the Hotel, has been through three (3) housing cooperatives. This form of residential use is the West-preferred residential use in this PUD.

While this listing may not be exhaustive, these matters will require further consideration by both Monument Realty and Watergate West. Watergate West urges the ANC either to: (1) defer this matter until further good faith discussions are held and the parties have an opportunity to reduce any agreement on these points to writing; or (2) report a negative recommendation to the Zoning Commission.

Thank you for your consideration of these matters.

Sincerely yours,

WATERGATE WEST, INC.

By: Ben Man by DHC
Ben Man
President

cc: Mr. Alberto P. Bastida, AICP (D.C. Office of Zoning) (by facsimile)
Ms. Carol Mitten (Chairperson of D.C. Zoning Commission) (by facsimile)
Board of Directors of Watergate West
Mr. Michael Darby (Monument Realty LLC) (by facsimile)
Mr. Asheel Shah (Monument Realty LLC) (by facsimile)
David H. Cox, Esquire (Jackson & Campbell, P.C.) (by facsimile)
Thomas Hylden, Esquire (via facsimile)