GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF PLANNING

Office of the Director

FINAL REPORT

TO: District of Columbia Zoning Commission

FROM: Andrew Altman, Director
Office of Planning

DATE: January 19, 2004

ZONING COMMISSION
District of Columbia
Case 03-16
Exhibit 36

RECEIVED
D.C. ZONING COMMISSION
2004 JAN 20 PM 5:11

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

ZONING COMMISSION
District of Columbia
CASE NO. 03-16
EXHIBIT NO. 36

I. RECOMMENDED ACTION

The Office of Planning is not able to provide a recommendation regarding Zoning Commission Case # 03-16, an amendment to the approved Planned Unit Development (62-19) for the Watergate Complex, to permit the conversion of the hotel space to residential use, at this time as the applicant has not provided assurance that the necessary approvals from and agreements with all owners have been obtained. If these approvals are provided prior to the public hearing, OP has no objection to the proposed amendment to the PUD.

II. BACKGROUND

At its June 9, 2003 meeting, the Zoning Commission set down for Public Hearing Case No. 03-16, an application to amend the Watergate Complex PUD.

The Watergate Complex was approved as one of the first Planned Unit Developments (PUDs) in the District in 1962 (Case # 62-19). The proposal was originally 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, with 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. The applicant has indicated that there does not appear to be a PUD covenant on record for the property, although the conditions of the original Zoning Commission approval run with the land.

The Zoning Commission approved additional modifications in the past, and there have been numerous applications to the Board of Zoning Adjustment to approve the various phases of development and to provide for specific use modifications, mostly related to commercial uses. BZA application #7903 (1964) approved Stage 2 of the development, which includes the subject hotel building and the attached office building. A more detailed chronology of events, as best as could be determined, is attached as Attachment II.

ZONING COMMISSION
District of Columbia
CASE NO.03-16
EXHIBIT NO.36

III. CONTEXT AND SITE DESCRIPTION – See Site Plans and Photos, 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 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, landscaping, 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 the original Planned Unit Development approved by the Zoning Commission in 1962. The petition would allow the conversion of the existing 250-room hotel into a condominium apartment building with a maximum of 155 units. This PUD amendment is necessary because the original PUD required the provision of a hotel as one of the uses. The following changes are proposed:

- The conversion of area occupied by hotel suites and lobby areas into as many as 155 residential units.
- In the underground areas, existing service areas would be converted to additional parking spaces. Some appear to be "tandem" spaces and others appear to have difficult access. In addition, 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 are proposed. Some of the underground space is owned by the Watergate West co-op, specifically the B-1 level where the health club and ballroom are currently located.
- 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.
- 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.
- The existing 3,000 sq.ft. restaurant on the B-1 level would be retained, but would provide no public parking.

V. COMPREHENSIVE PLAN

The proposed use is not inconsistent with the Comprehensive Plan Generalized Land Use Map designation of mixed high density residential and medium density commercial development. As noted in OP's report of May 27, 2003, the proposal supports major themes related to the provision of housing in the downtown area. However, the loss of the hotel is potentially contrary to the goal of increasing the quantity and quality of employment opportunities in the District, particularly in the tourism industry. More specifically, the earlier OP report noted conformity with Comprehensive Plan Chapters 3 - Housing, 7 - Urban Design, and 11 - Land Use, but potential conflict with Chapter 2 - Economic Development. Similarly, the proposal would be consistent with Ward 2 (Chapter 13) housing objectives and policies.

VI. ZONING ISSUES

The proposed residential use is permitted within the SP-2 zone, so the change in use would not be contrary to zoning regulations. Modifications to the building are minor and would not appear to alter conformity to zoning regulations to a great degree, although a detailed zoning analysis has not been provided. Staff note that relief from the following regulations may be required:

§411 Rooftop enclosures, specifically number of enclosures (§411.3) and varying height of roof top enclosure walls (§411.5).

§533.4 Residential recreation space – 10% required; information on how much is proposed to be provided has not been supplied, but could include the health club and roof-top space within the building, as well as recreation space such as the pool, which is shared with other Watergate complex buildings.

§532 Lot occupancy – Hotels are not subject to lot occupancy, but residential buildings are limited to 80% maximum. Although the modifications increase lot occupancy only slightly (for the new covered parking areas), OP has not been provided lot occupancy analysis to ensure conformity.

§2101.1 Parking – The applicant has not included a detailed parking analysis to ensure full conformity with Chapter 21, Parking regulations. The project provides more than the required number of parking spaces, but they will all be secured spaces for use of residents only, and none are proposed for the public commercial space – the restaurant. The applicant states that the 3,000 sq.ft. restaurant has no street frontage and is intended mainly for use by Watergate residents. The applicant should also confirm that the 12,000 sq.ft. health club will be for the use of Watergate residents only. If so, it would not be considered a commercial enterprise, and would not generate additional parking demand.

OP ahs requested additional analysis of these issues from the applicant.

VII. 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.

The original PUD was approved in 1962. As noted in the transcript from the public hearing, the proposal was intended to "*provide a well planned development, primarily residential, with related office and commercial facilities*". The transcript indicates that benefits proffered by the application were the dedication of a new traffic circle at the intersection of New Hampshire and Virginia Avenues; infrastructure improvements; $100,000 to the District to defray the costs of street closings; and conveyance to National Park Service of land in the southwest corner of the property, abutting the Rock Creek and Potomac Park. There was no discussion at the public hearing regarding hotel use, or proposed uses in general, other than the planned amount of commercial office space. The Commission at the time accepted the merits of the distinctive form and style of buildings and the proposed heights, although there was much discussion at the meeting of these, including some opposition from the public.

As the PUD was approved, it was presumably considered to be of benefit to the District and to provide sufficient public benefits as per the standards of the time. The application of current PUD evaluation standards would be of limited usefulness. In addition, many sections of the Zoning regulation Chapter 24 PUD evaluation have limited or no relevance to a PUD modification such as this. Specific sections of most relevance are:

2403.3 The impact of the project on the surrounding area and on the operation of city services and facilities shall not be found to be unacceptable, but shall instead be found to be either favorable, capable of being mitigated, or acceptable given the quality of public benefits in the project.

The proposal would have limited if any negative impact on the surrounding area or on the operation of the city as a whole. The traffic analysis submitted by the applicant as part of the May 7, 2003 submission states that a residential building would generate 59% fewer vehicles during the AM peak hour, and 4% fewer during the PM peak hour, that the existing street network will adequately accommodate the proposed use, and that the proposed parking supply will accommodate the parking demand. To date, DDOT has not provided comments on this analysis.

OP has some concerns regarding the possible long-term District-wide economic impacts of replacing the hotel with residential units, given that hotels are generally regarded as important revenue generators for the District due to the hotel tax as well as restaurant, sales, and parking taxes generated by hotel guests. However, the applicant has provided an economic and fiscal analysis prepared by Basile Baumann Prost & Associates Inc, indicating that the proposed conversion from hotel to residential would have a net positive economic impact to the District. This analysis includes direct and indirect taxation benefits to the District, comparing that of the hotel use to projected benefits of a luxury condo use. This analysis is predicated on a projection that the new luxury condo units would result in the

creation of over 440 new jobs in the District (in addition to temporary construction jobs for the renovation)– 41 direct jobs and 401 indirect jobs, mostly the result of expenditures by new residents to the District. The hotel employment analysis, on the other hand, indicates that the hotel generates 228 direct and 122 indirect jobs, but that much of the current hotel demand, and the associated jobs, would transfer to other hotel facilities, largely in the District. The analysis also seems to be predicated on the assumption that the residents would be new to the District and 2/3 would live full time and do their shopping in the District. Although the proposed residential use of the building is not considered to be unacceptable, OP has recommended to the applicant that they provide additional information on the assumptions that support their analysis.

2403.4 *The Commission shall find that the proposed PUD is not inconsistent with the Comprehensive Plan and with other adopted public policies and active programs related to the subject site.*

As noted above, the PUD modification would not be inconsistent with the Comprehensive Plan Land Use Map, or with Comprehensive Plan land use or housing objectives.

2403.9 *Public benefits and project amenities of the proposed PUD may be exhibited and documented in any of the following or additional categories:*

The original PUD approval indicated benefits and amenities in a number of categories, including:

(a) Urban design, architecture, landscaping, or creation or preservation of open spaces;

(b) Site planning, and efficient and economical land utilization;

(c) Effective and safe vehicular and pedestrian access, transportation management measures, connections to public transit service, and other measures to mitigate adverse traffic impacts;

(e) Employment and training opportunities; and

(f) Housing and affordable housing

The proposed PUD modification would not appear to significantly lessen any of these benefits, and would provide additional housing downtown, although the housing would not be considered "affordable".

2403.11 *To assist the Commission in applying the evaluation standards of this section, the applicant shall prepare and submit to the record of the case an annotated table that shows:*

(a) The extent to which the proposed development would comply with the standards and requirements that would apply to a matter-of-right development under the zone district classification of the site at the time the application is filed;

(b) The specific relief that the applicant requests from the matter-of-right standards and requirements; and

Refer to Section VI of this report.

(c) *If the applicant requests a map amendment, the extent of compliance with, and the requested relief from, the matter-of-right standards and requirements of development under conventional zoning.*

Not applicable – no map amendment is proposed.

VIII. ANC REVIEW

ANC 2A has adopted a motion recommending denial of this request, due to unit ownership, parking, and view impact concerns raised by other residents of the Watergate complex, but noted that the ANC would be willing to reconsider this recommendation should their concerns be addressed by the applicant.

The applicant has advised OP that the ANC is scheduled to meet again on this matter at its January 27, 2004 meeting.

IX. AGENCY PRELIMINARY COMMENTS AND REFERRALS

In addition to the normal Office of Zoning referral, OP referred the application to the following District agencies for review and comment:

- Department of Consumer and Regulatory Affairs (DCRA) - no response to OP as of the date of filing this report.
- Department of Parks and Recreation – Through email (attached), DPR notes that they have no land adjacent to the site, thus they do not have any comments regarding the conversion. The only property in the vicinity that DPR does have jurisdiction over is the traffic circle at the intersection of Virginia and New Hampshire Avenues, which does not appear to be negatively impacted by this project.
- Department of Public Works (DPW) - no response to OP as of the date of filing this report.
- District Housing Authority - no response to OP as of the date of filing this report.
- DC Public Schools - no response to OP as of the date of filing this report.
- Environmental Health Administration - no response to OP as of the date of filing this report.
- Fire and Emergency Medical Services Department - no response to OP as of the date of filing this report.
- Metropolitan Police Department - no response to OP as of the date of filing this report.
- DC Water and Sewer Agency (WASA) – Through email (attached), WASA notes that the conversion to a residential facility will require changes to the interior walls and plumbing, and the existing building may not meet the latest building and plumbing code requirements. If the codes require the installation of a fire sprinkler system which meets the current codes, then the water service and water meters may need to be correctly sized, and a fire hydrant flow test and completed pump forms if pumps are installed for a fire

sprinkler system will be required. Plumbing calculations for the correct sizing of water meters, backflow preventers, and existing and proposed sanitary flow calculations will all be required. If there are no outside changes then no storm water calculations will be required.

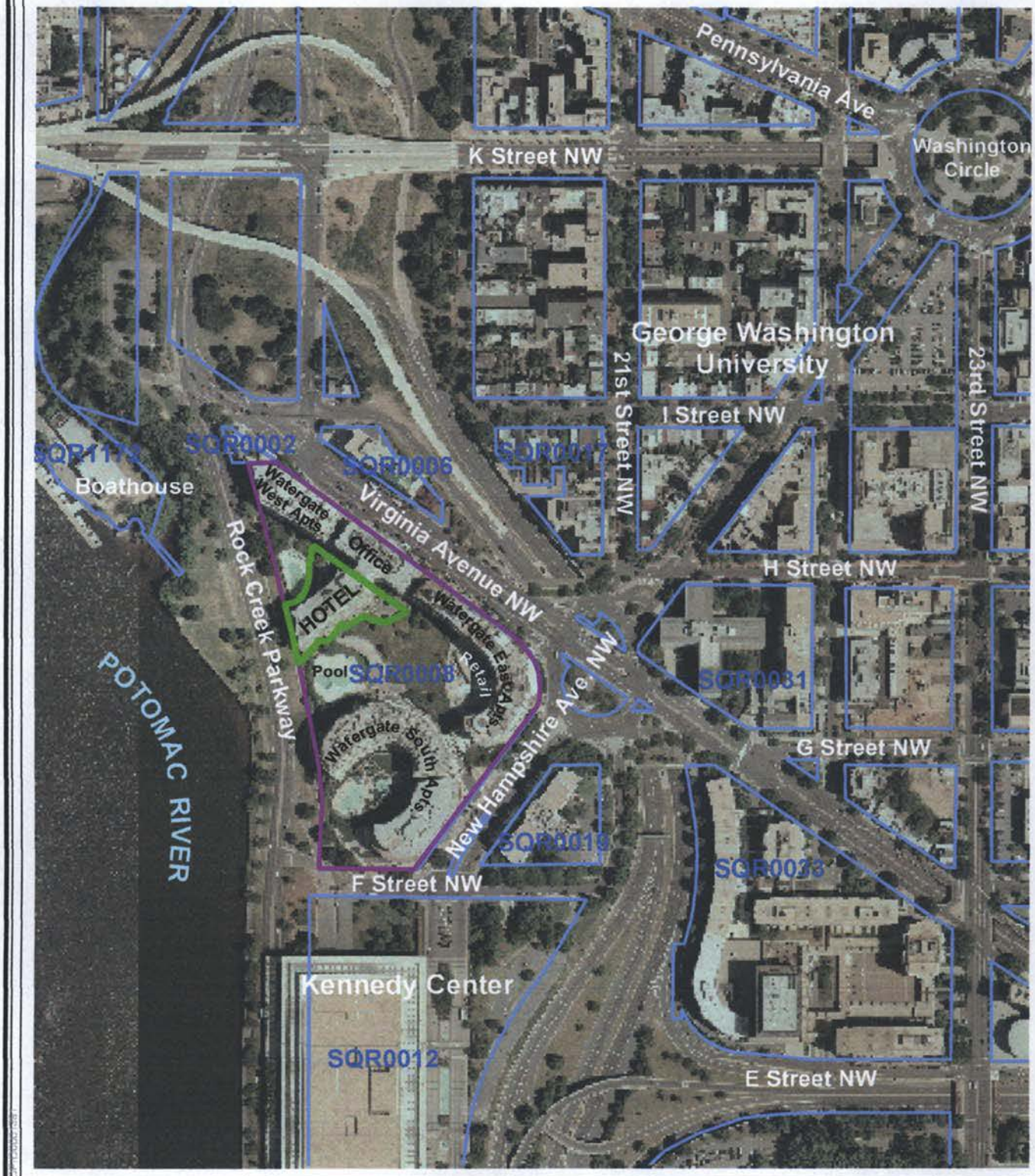
X. RECOMMENDATION

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 Generalized Land Use map designation, and would appear to generally conform to the Comprehensive Plan. However, as of the date of submission of this report, the applicant has not provided confirmation that support and approval for this proposal have been received by other owners in the Watergate co-operative units. As such, OP cannot, at this time, recommend approval of this application.

AA/jl

ATTACHMENTS:

I. Site and Context Plans
II. Watergate Complex Chronology of Events
III. Agency Comments / Reports



Feature Key
- Squares
- Site
- Watergate PUD

Zoning Commission

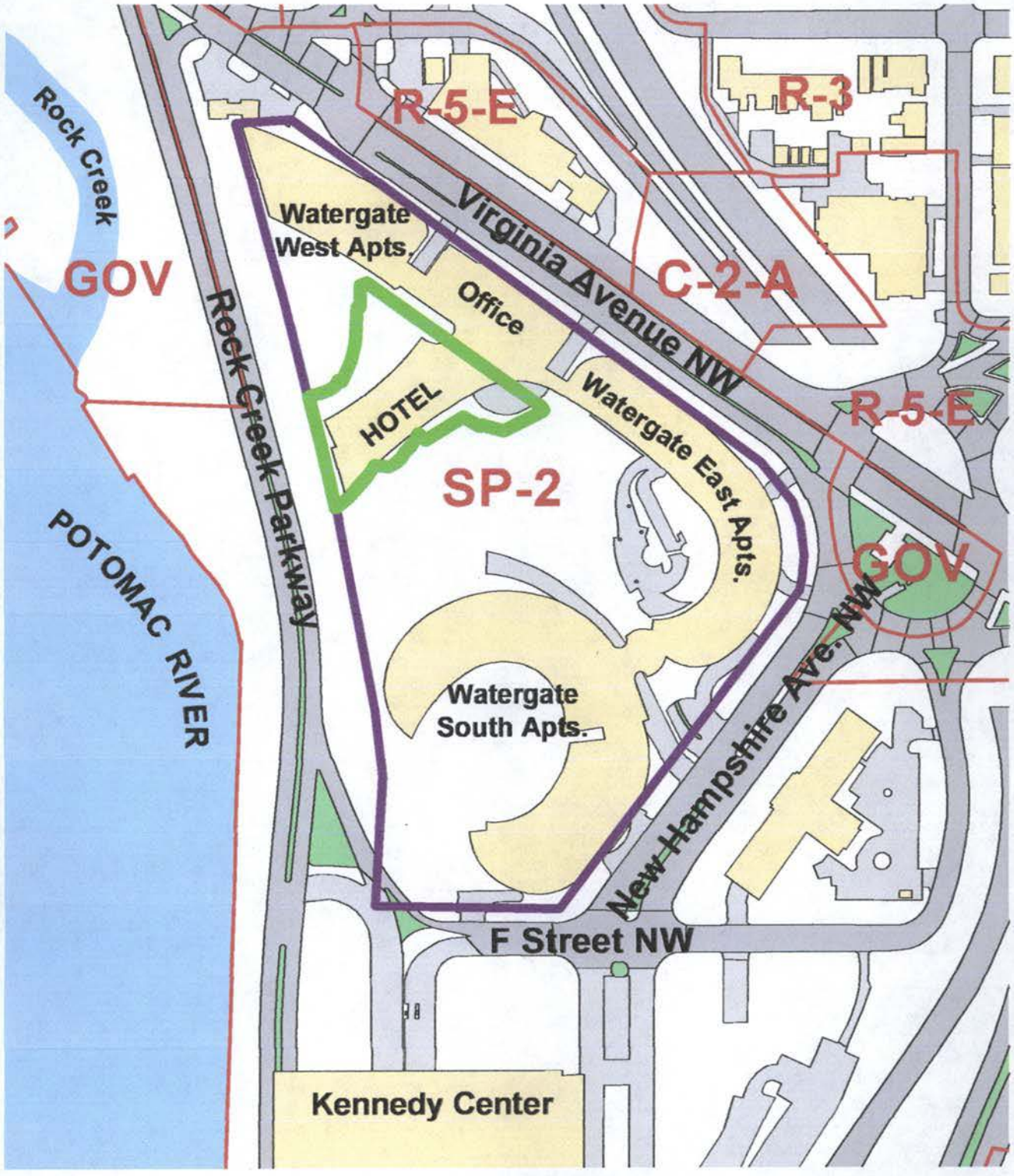
Case No. #03-16/62-19 - Watergate PUD Amendment

DC Office of Planning
January 10, 2004

N W E S

Scale 1:4,250

Attachment I



Feature Key

- Zoning Boundaries
- Watergate PUD Boundary
- Site - Lot 807, Square 008

Zoning Commission

Case No. #03-16/62-19 Watergate PUD

DC Office of Planning

January 10, 2004

N W E S

Scale: 1:2,200

Attachment I

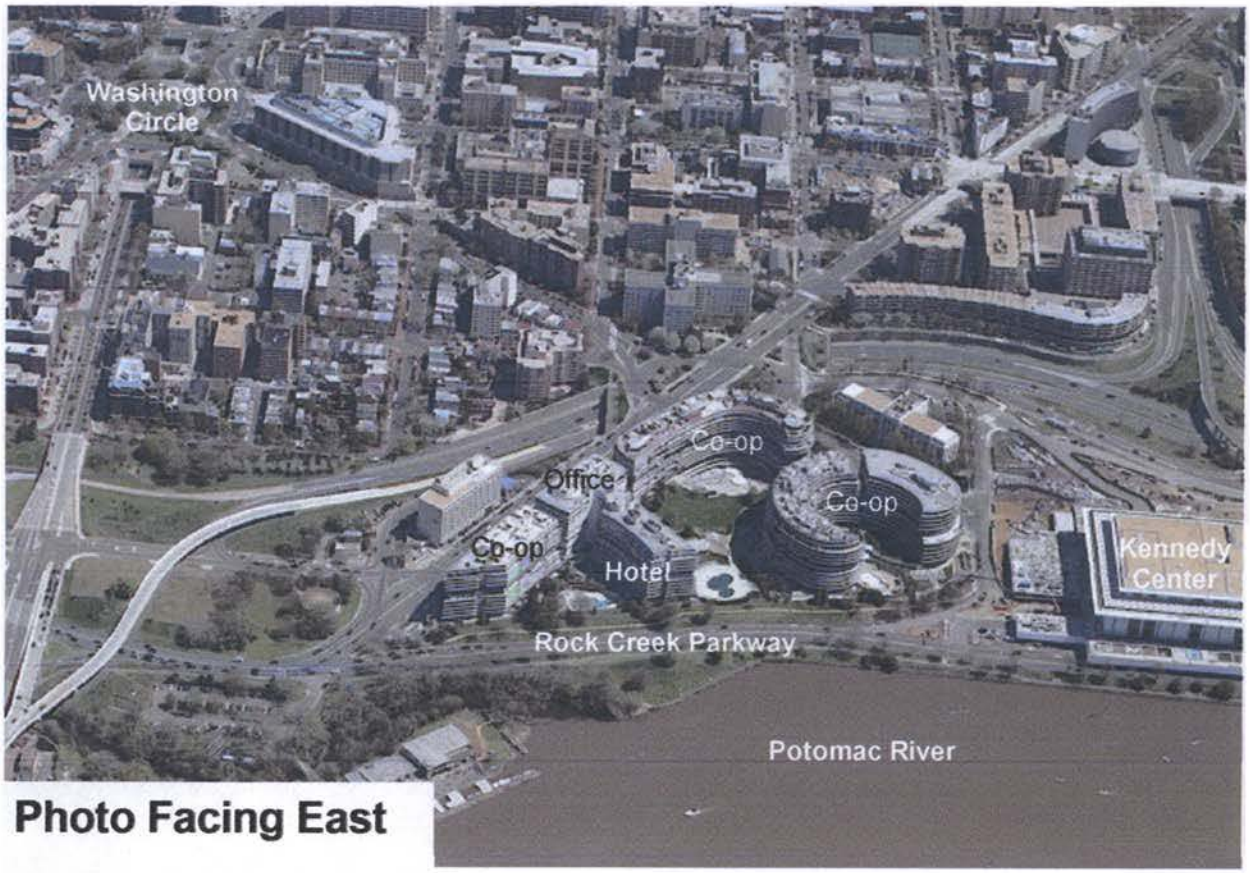


Photo Facing East



Photo Facing North

DATE	EVENT	Case#	Order #	DESCRIPTION
1961/2/15	BZA application	6195		Permit a temporary parking lot on the site
1962/4/13	Public hearing	62-19		As per the transcript, there was no discussion at the Public Hearing about the merits of hotel vs. residential. Most discussion centered on the proposed height and the amount of commercial space
1962/7/17	Rezoning	61-44		Area rezoned from R5D/C2 to SP
1962/7/17	PUD approved	62-19		4 stages – I. Watergate East apartment; II. office and hotel; III Watergate West; IV Watergate South. Envisioned 1300 dwellings, 300 hotel rooms, 185,000 sq.ft. office, 80,000 sq.ft. retail/service, and 1,250 parking
1964/?/?	BZA application	7903		Stage II approved
1967/?/?	Hotel opens			Designed by Luigi Moretti
1968/1/16	BZA application	9303		Stage IV
1968/12/16	PUD modification	68-58	01968-1218	Stage II – affect shape and placement of Stage I and provide for combination of residential and commercial, and a provision that office space be limited to that of SP
1969/2/3	BZA application	9919		Re Stage IV
1970/12/1	BZA application	7903-G		Ladies ware shop approved
1971/6/16	BZA application	10764		Permit motion picture theatre in Watergate South
1972/7/12	BZA application	10998		Specific office use in Watergate South
1972/8/1	PUD modification	72-23	100	Amendment of the Order of December 18, 1968, in Case 68-58 to allow general office uses in the building known as the Watergate 600 Office Building (Stage IV)
1973/6/6	BZA application	11305		Cabana awnings at Watergate South
1974/1/17	BZA application	11528		Educational consultant in Watergate South
1976/2/12	PUD modification	75-3	125	to allow general office uses in the Stage II office building

Zoning Commission Case # 62[redacted]/03-16 – Watergate Hotel **ATTACHMENT II**
January 19, 2003

DATE	EVENT	Case#	Order #	DESCRIPTION
1977/11/2	BZA application	12516		Pastry shop expansion
1978/?/?	SP divided into SP1 and SP2			Site rezoned SP2
1989/9/11	PUD modification		631	Stage II – expand health club. Noted 644 dwellings, 237 hotel rooms, 500,000 sq.ft. office, significant retail, 1,240 parking
1998/?/?	Blackstone Group acquires hotel			
2003/5/7	PUD modification filed	03-16		Application to permit hotel to convert to +/- 155 dwelling units, increasing total residential to about 800 in the Watergate complex
2003/5/27	OP set-down report	03-16		Recommended setting down the application for a public hearing, but noted a number of issues requiring additional information or resolution
2003/6/9	Zoning Commission meeting	03-16		Application set down for public meeting
2003/6/18	ANC 2A	03-16		Unanimously approved resolution opposing PUD amendment at this time, mainly due to concerns of other co-ops
2003/6/19	Commission of Fine Arts Review	03-16		Adopted a motion of "no objection".
2003/9/24	Pre-Hearing Statement	03-16		Addressed concerns raised by OP and the Zoning Commission at set down
2003/10/31	Letter from Foggy Bottom Association	03-16		Request deferral until agreements with co-op residents is reached
2003/11/1	Swissotel marketing agreement expires			As per "The Current" article of 03/10/15. States planned improvements to strengthen hotel. Plans to convert to residential "shelved" although owner may consider converting top stories to residential, reducing room number to about 175
2003/11/3	Request for postponement	03-16		Request to postpone public hearing from November to January
2004/01/29	Public hearing for PUD amendment	03-16		

ATTACHMENT III

Lawson, Joel (OP)

From: James_Shabelski@dcwasa.com
Sent: Tuesday, January 06, 2004 7:45 AM
To: Lawson, Joel (OP)
Cc: Michael_Omosun@dcwasa.com
Subject: Re: Zoning Commission Case # 03-16, Watergate Hotel

attachment.doc

The existing building may not meet the requirements of the latest building and plumbing codes. The conversion to a residential facility will require changes to the interior walls and plumbing. Does the existing building have a fire protectioon sprinkler system. If the codes require the installation of a fire sprinkler system which meets the current codes, then the water service and water meters may need to be right sized for the proposed changes. DCWASA will require a fire hydrant flow test and completed pump forms if pumps are installed for a fire sprinkler system. DCWASA will also require plumbing calcultations for the correct sizing of water meters. Backflow preventers will also be required according to the current laws. Existing and proposed sanitary flow calculations will also be required to check the receiving public sewer system capacities. If there are no outside changes then no storm water calculations will be required.

James J. Shabelski, PE
(202) 787-2379
fax (202)787-2453
Cell (202) 812-5752
e-mail jshabels@dcwasa.com

5000 Overlook Avenue, SW
Washington, DC 20032

"Lawson, Joel (OP)" <Joel.Lawson@dc.gov> 01/05/2004 03:51 PM

To: "Gordon, Theodore (DOH)" <theodore.gordon@dc.gov>, "Collier, James (DOH)" <james.collier@dc.gov>, "Jackson, Stanley (DHCD)" <Stanley.Jackson@dc.gov>, "Cager, Lawrence (DHCD)" <Lawrence.Cager@dc.gov>, "Ramsey, Charles (MPD)" <charles.ramsey@dc.gov>, "Cowan, Bruce (FEMS)" <bruce.cowan@dc.gov>, "Ellerbe, Kenneth (FEMS)" <kenneth.ellerbe@dc.gov>, "Pochter, Ted (DPR)" <Ted.Pochter@dc.gov>, "Woodhead, Sarah (DCPS)" <sarah.woodhead@k12.dc.us>, "Smoot, Wendell (DCPS)" <wendell.smoot@k12.dc.us>, "Noble, Denzil (DCRA)" <Denzil.Noble@dc.gov>, "Laden, Ken (DDOT)" <Ken.Laden@dc.gov>, "MacCleery, Rachel (DDOT)" <Rachel.Maccleery@dc.gov>, "Beck, Bill (DDOT)" <bill.beck@dc.gov>, "'James_Shabelski@dcwasa.com'" <James_Shabelski@dcwasa.com>

cc:

Subject: Zoning Commission Case # 03-16, Watergate Hotel

The above case is hereby referred to the you for review and comment.

This application is for the conversion of the Watergate Hotel to residential use. The Watergate Complex was approved in 1962 as one of the first approved Planned Unit Developments, and was intended to include 3 apartment buildings with 1,400 dwelling units, a hotel, an office building, retail, underground parking, and over 5 acres of open space. The original PUD has been amended since then, and there have been numerous BZA applications, most of which were related to commercial uses. The complex currently includes 3 co-op apartment buildings; two office buildings, a 250 room Swissôtel, retail, underground parking, and landscaping.
The portion of the complex that is the subject of this PUD amendment application - the hotel - is located towards the center of the site. It is a 14 story building with three underground levels that contain parking, service areas, a pool, a health club, and restaurant and banquet area. As part of the conversion, the applicant is proposing a number of modifications to the building, most of which are internal and have minimal physical impact on the exterior of the building. Below grade, the applicant is proposing to provide additional parking spaces; alter the health club area; convert the banquet area to amenity space and restaurant, and convert service areas to new dwelling units. Above grade alterations include converting hotel suite and lobby areas into residential units; adding new ground level open carports; replacing all windows; and adding roof-top terrace spaces, most for private use by penthouse suite owners, with associated stucco privacy screens and 8' high stairwells.
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.

A site plan is attached - as changes to the form and appearance of the building are minimal, I have not included them. If you would like more information, such as a complete set of plans, please contact me and I will fax the information to you right away.

<<attachment.doc>>
I would appreciate any comments that you might have - an email or a short note would be great. If you have no comments or concerns, a quick email to let me know would be appreciated. Please note that in order for the Office of Planning to take your comments into account in our findings, I must have them no later than Friday January 16, 2004. The Public Hearing for this case is set for January 29, 2004.

If you have questions or need further information about this case, please email me, or call or fax me at the numbers listed below.

Have a good day.

Joel Lawson, Development Review Planner
District of Columbia Office of Planning
phone 202.442.8813; fax 202.535.2497
email joel.lawson@dc.gov

(See attached file: attachment.doc)

Lawson, Joel (OP)

From: Schill, Leslie (DPR)
Sent: Tuesday, January 13, 2004 5:47 PM
To: Lawson, Joel (OP)
Cc: Pochter, Ted (DPR)
Subject: RE: Zoning Commission Case # 03-16, Watergate Hotel

We have reviewed the proposal and as we have no land adjacent to the site, we do not have any comments regarding the conversion. The only property in the vacinity that DPR does have jurisdiction over is the traffic circle at the intersection of Virginia and New Hampshire Avenues, which does not appear to be negatively impacted by this project.

Thank you for including DPR in the process.

Leslie Schill